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**HYBRIDITY IN PUBLIC MANAGEMENT**  
The Consequences of its Adoption in Public Sector Management in Ghana

Master's thesis in  
Public Management

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# UNIVERSITY OF VAASA

## Faculty of Philosophy

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### ABSTRACT:

Ghana's Public Sector, which comprises the various Ministries, Municipalities, Departments and Agencies (MMDA's), has come under intense criticism over the past decade over its bureaucratic and inefficient tendencies, comparable to the private sector.

With the advantage of hindsight, contemporary political leaders are restructuring, retrenching, empowering and repositioning Public Sector Organizations to make them cost effective and business-like, and also meet its Millennium Development Goals. This development has led to a steady increase in hybrid features of some public institutions and hence, the preference for hybrid organizations to execute some key public policies and projects. The synergy of public, private as well as the voluntary sector values and ethos is essential for organizational growth and development.

It is evident from current public policy choices and analysis that the country will soon witness substantial proliferation of hybrid organizations. However, the palpable prospects and challenges that are likely to emanate from this paradigm shift still remain oblivious. The quest for maximizing profit without losing sight of its fiducially public duties has bequeathed further obligations on public sector managers and inadvertently affected management style.

The essay examined and expatiated the possible consequences the adoption of hybrid organizations will have on public management practices since the practicality of managing hybrids is quite problematic. The research also accounted for the various factors and developments that have led to this sudden preference for hybridity. Qualitative research method was adopted and the canonical use of face-to-face interviews was resorted to in soliciting data.

In fine, it concludes that hybridity presents the country with enormous opportunities and its significance would be greatly realized when measures are taken by stakeholders to ameliorate old systemic practices. The Electricity Company of Ghana, Driver Vehicle Licensing Authority, Tema Oil Refinery, as well as Ghana Water Company constituted the primary cases in point of analysis and the final data was subjected to qualitative analysis in bridging the gap between theory and practice.

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**KEYWORDS:** hybrid organization, public sector, private sector, voluntary sector, and management



## 1. BACKGROUND OF THE STUDY

### 1.1. Introduction

Upon analyzing the traditional role of government in contemporary times in relation to their supposed duties in the past, one would identify the private sector as a major actor in the provision of infrastructure and other notable public goods services that were mainly carried out by the government. Private sector companies are now providing more expertise and financing numerous public projects and programmes through various partnership arrangements with the public sector. The quest by the Government of Ghana therefore to consider the national promotion of public policy options aimed at bolstering private sector participation in the provision and delivery of public goods and services led to the drafting of the Public Private Partnership Bill. According to the Ministry of Finance and Economic Planning, they have considered both legal reforms and financial mechanisms that primarily serve as an incentive to welcome the private sector in partnering public sector organizations.

(Ghana Public Private Partnership Bill 2013)

The 2011 adoption of the National Policy on Public Private Partnership, hereafter-called PPP was to serve as a guiding principle towards implementing and monitoring public private partnership projects in the country. The intended outcome of these past and ongoing ad hoc measures is to, among other reasons:

- Reduce the size of the public sector
- Improve their performance by mobilizing private sector management and capital
- Reduce the financial and managerial burden on Government
- Improve the efficiency of the economy by encouraging private sector participation and investment.” (AB & David: 2013.)

In the past, Ghana’s Civil Service has been referred to as "the finest, most relevant and performance-oriented institution in Africa" and also as "a moribund, paper-pushing institution" (Nti: 1978). The sharp contrast in relation to the various descriptions could be attributed to the sectors inability to cope with organizational changes.



Analyzing the salient characteristics and traits of the public sector shows the era of “good days” which covers the period immediately before independence in 1957 to the mid-1970s. Civil servants during that era could best be described as well trained, adequately remunerated and resourced. Most importantly, the anonymity and neutrality of civil servants during that period were guaranteed (Ayee 2001). On the other hand, the bad times, which spans from 1974 to the early 80’s seem to have coincided with the era of economic stagnation and downturn (ibid: 2). The various coined terminologies clearly portray the different phases the organization has passed through upon inception.

#### 1.1.1. Research Problem

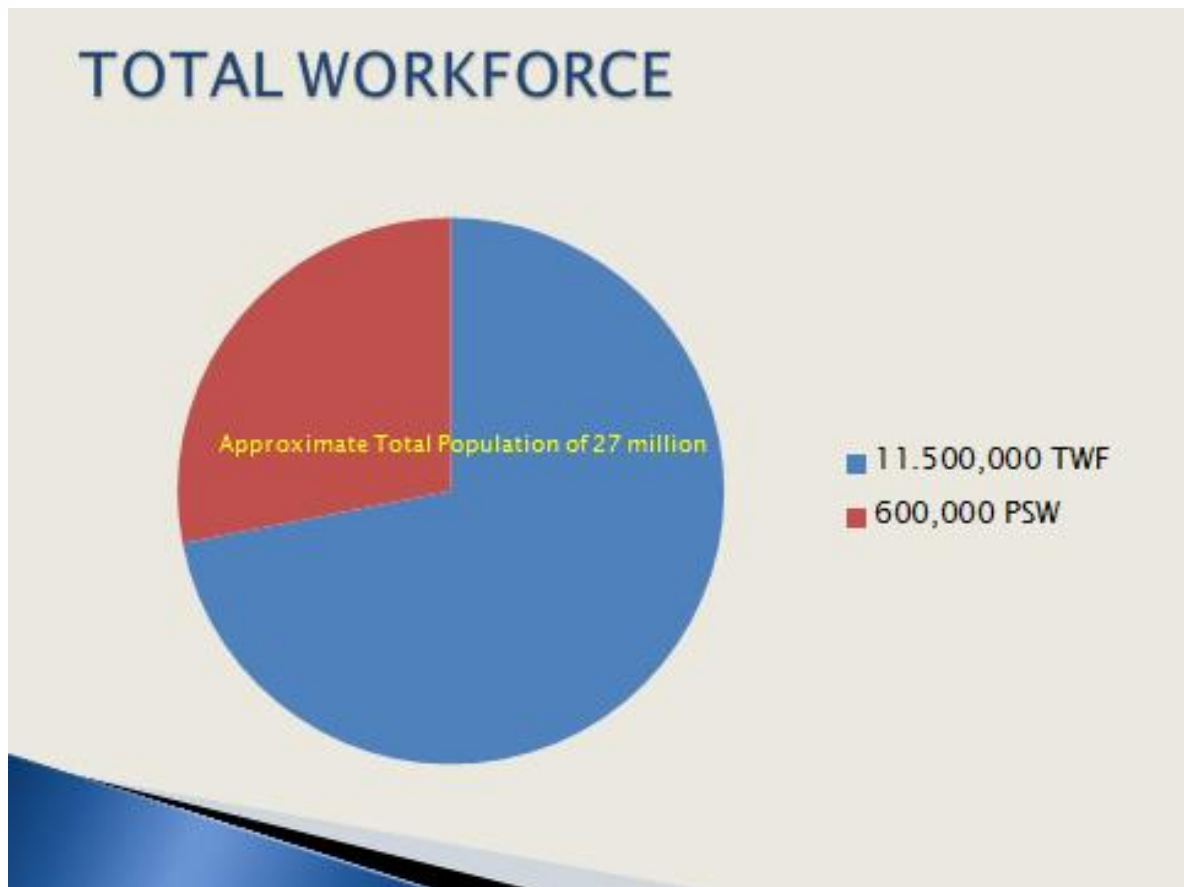


Figure 1. Total Workforce Chart in Ghana (Opoku 2016).

The diagram above leads the discussion on the key problems that have led to the call for measures to improve the efficiency of service delivery within public sector organizations. The Ghana Statistical Service estimates the current total population to be 27 million. Out of this figure, 11.5 million constitute the total workforce (TWF).

Approximately 600,000, representing 2.4 percent of Ghana's citizenry are on government payroll as public sector workers (PSW). However, the government spends a staggering 70 percent of tax revenues on public sector salaries, which is twice the globally accepted prudent level of between 30 to 35 percent. This development among other financial irregularities and malfunctions has contributed immensely to the current financial crisis in the country sparking numerous demonstrations and agitations. (Klutse 2013)

A country that was once a shining example of economic growth in the West African sub-region is now struggling to keep up with its development plans. Currently, the country is seeking a bailout from the International Monetary Fund (IMF) despite revenues from large oil deposits and notable natural resources. The Ghana Cedi, which is the local currency, has depreciated significantly against all the foreign trade currencies amidst high. When one critically analyses the current economic situation arising out of mismanagement, higher inflation rates therefore comes as no surprise.

All these negative economic indicators are as a result of government's overspending character. Current expenditure has widened due to many government subsidies and huge public sector wage bill arising out of the introduction of single spine salary structure.

The Single Spine Salary Structure (SSSS), for instance is a new pay policy Ghana adopted in January 2010 which aimed at motivating public sector workforce in an attempt to improve service delivery and productivity. Knowledge and skills, responsibility, work environment, and effort were the four main characteristics that were used during the job evaluation exercise to ascertain the level of motivation and remuneration. In the 2013 State of the Nation's address delivered to the 6th parliament of the 4th republic by the President, public sector wage bill had increased in three years

from GHC2.5 to GHC 8 billion due to the Single Spine Salary Structure (SSSS), compelling the government to seek for new areas to generate revenue.

He remarked that the productivity of public sector workers does not commensurate the investment made in their remuneration, hence the need to re-strategize to make them effective for sustainable economic growth and development. In the 2011 Auditor General's report presented to parliament, Ghana lost GH¢ 119,268,367.38, due to financial irregularities and administrative malpractices by the various ministries, departments and agencies. The figure more than tripled from GH¢119,268,367.38 to 395,718,552.01 in 2012. (Auditor General's Report: 2011)

#### 1.1.2. Ethical Research Objectives and Questions

As part of measures put in place by Ghana's Civil Service Performance Improvement Programme to restructure, reposition and improve the quality of service delivery, various activities performed by the public sector will be subjected to 'market testing'.

Some management functions previously carried out solely by public sector companies are now under the mandate of private sector companies. Activities such as billing and collection, management training, construction, feasibility studies, waste management among others has been contracted-out in both the water and health sectors.

(Larbi 2003: 6)

With the advantage of hindsight and motivated by some key components of the New Public Management, the introduction of these measures are part intended to help raise additional revenue by share cost with users of public services. It is will considerably improve their efficiency which will lead to an improvement in the services rendered by the various sectors. This paper therefore seeks to examine the projected palpable prospects therein in the adoption of the phenomenology of hybridity.

Theoretically, it is an ideal phenomenon since the best practices of the various sectors are adopted and henceforth incorporated into a single practice with the utmost intent of improving the economy by way of an all-inclusive management style.

Practically, they are bound to challenges and hybrid organizations are not immune to these unpredictable setbacks. The paper therefore will also account for the possible challenges that are likely to emanate from this paradigm shift. With respect to this it will examine the management aspect of the various organizations that constitute the main cases in point under consideration, and closely re-examine the effects it has had on management style. It will specifically analyze the current status of the cases in point and attempt to evaluate their performance so far, and based on that make some projections and recommendations.

Based on the above-mentioned premises, the intended research questions to guide the whole process are;

- 1) What are some of the various reform attempts in the past aimed at restructuring, repositioning, revitalizing and empowering Ghana's Public Sector
- 2) What are the key potential challenges public sector organizations are like to face by adopting some known features of both the private and the voluntary sector?
- 3) What are the sustainable benefits public organizations gains when they go hybrid?
- 4) To what extent does hybridity affect the fiducial responsibility of the public sector?

The choice of this research topic was born out of the researcher's quest to provide a content-specific insight into the concept of hybridity as academic and social disenchantment towards government as the primary provider of public goods and services begin to manifest. Throughout Ghana's 58 years of existence as an independent country, the state has played a pivotal leading role by spearheading all developmental plans through its nationalistic oriented programmes and policies of action. Notable among them are state owned companies, corporations and enterprises. The triumphant of capitalism, which led to the subsequent breakdown of socialism, saw most of these ideological socialist policies being abandoned.

The active involvement of the private, as well as the voluntary sector in partnership with the public sector is a sine qua non for future progress, since it presents the country with tremendous opportunities. The practicality of managing hybrid organizations could be quite problematic and it could elude practitioners of its immense benefits.

The essay specifically addresses the hybrid scenario in Ghana and presents an unambiguous exposé pertaining to the consequences of the adoption of the concept of hybridity and it is intended to serve as a guiding ethos for various administrations, organizations, institutions, agencies and private individuals who aspire to adopt and practice this concept. Ultimately, it will help bridge the gap between perceived benefits and pragmatic realities that will in the long-term help avert all incongruous effects associated with hybridity.

This chapter primarily focuses on giving an introduction and background knowledge pertaining to the topic under consideration, as well as some general overviews of hybrid organizations. The subsequent chapters will therefore analyze into detail the various central thematic theories and concepts, as well as recommendations and conclusions.

## 2. THEORETICAL FRAMEWORK

The challenges and palpable opportunities of the twenty-first century are complex and the systems underlying public organizations do not possess the capacity to effectively tackle them therefore the need to thoroughly consider reinventing, reformations and other notable approaches for the primary purpose of improving the level of performance in the public sector. Governments are compelled to seek for alternative ways of securing funds, and these same governments are committed to seeking new ways of improving both the quality and quantity of work done in the public sector without incurring additional cost. There are therefore efforts to find new solutions to current situations and to break away from traditional approaches, and more so to find effective means of meeting objectives. (Denhardt & Denhardt 2009: 367)

Most public sector organizations are now becoming more flexible and proactive in handling social issues and this is gradually replacing their traditionally bureaucratic structure. This paves way for efficient transformation of management systems from routine-based approach into a more content-specific approach where issues are handled quickly and timely, devoid of all the unnecessary delays eminent in the approval process in public organizations. The era of devising “one-size-fits-all” solution to challenges are over and public sector managers have a bigger role to play in this era of organizational transformations and they are expected to deal effectively with problems and most importantly capitalize on opportunities in contemporary times. (ibid. 368-369)

There are thriving benefits that emanates from current organizational trends and it requires additional sets of skills and responsibilities in order to fully tap into this pool of opportunities. The rising prominence of hybrid organizations in Ghana presents the country with both challenges and prospects. This stems from the fact that cases for the phenomenology of hybridity are quite few and they are generally predominant among the utility and service providers. The market-oriented approach to the delivery of public goods is greatly envisaged by various political administrations as a proactive response to change and opportunities emerging from contemporary business trends.

*“Hybrids may be nonprofits that earn most or all of their revenue [without support], or they may be for-profit that have a very strong social mission and a business model designed to alleviate a particular social issue be it poverty, education, the environment, or income inequality, just to name a few.”* Nadia (2015)

It is worthy of mention that the activities of “hybrid organizations transcend the boundaries between typical for-profit and not-for-profit organizations since they pursue a social mission while engaging in commercial activities in order to generate revenue to sustain their operations.” (See Gibson 2013). One striking observation is the rate at which the concept of hybridization is spreading to other sectors of most economies.

Historically, hybrids were mostly seen in microcredit, healthcare, and education. However, hybrids have recently sprung to other areas such as environment, food security, economic development, governance, and housing. (ibid)

According to Bourgon (2009: 4), continues search for more suitable models of governance has taken the center stage in contemporary reforms. In some countries, this development led to either outright or partial privatization. In others too, it led to decentralization. Generally speaking, it led to some degree of deregulation and an enhanced role for civil society. In all countries, however, he noted that the quest for change and flexibility led governments to redraw their roles and to reposition themselves relative to other partners. Emphasis then shifted from mere operations to achieving results. Public sector organizations were expected to function more profitably and these proactive measures were intended to make them cost effective and not debt driven.

For the purpose of this research, the term ‘Public Sector’ would be used to refer to the various public commercial corporations and organizations that generate revenue through its operations. Even though the government wholly owns them, they are somehow autonomous and outside the governmental enclave of excessive control.

In Ghana, it is the fiducial responsibility of the Public Services Commission to supervise and regulate entry, recruitment, appointments and promotions into the public sector, and sets standards for terms and conditions of employment.

Their role as a commission plays a crucial role in the effectiveness of the sector since their actions and inactions, by way of recruiting and maintaining staffs ultimately have a

profound impact on productivity. They function to promote accountability, efficiency and integrity in the public service and to also oversee the human resource development activities of the public sector. The Office of the Head of the Civil Service (OHCS) is responsible for approving departmental structures, maintaining records of posts and coordinating civil service improvement. (Ghana Case Study 2008)

By way of definitional taxonomy, hybrid organizations combine the features of both public and private for-profit and nonprofit organizations. Under this paradigm of hybridization, it is expected of many public organizations to act as if they were private. There is indeed a rising prominence of studies into hybrid organization and this is evident in more research works and conferences by academia, public, as well as private sector practitioners. However, we are yet to witness substantial textbooks and adequate academic research into the concept of hybridity (Hyryläinen & Viinamäki: 2011). Hybrids are by nature, hard to define since they exhibit the essential qualities of both for-profit and non-profit enterprises. This development somehow makes the palpable prospects and challenges not clear enough to affect policy formulation.

Koppell (2000: 1) states that one predominant feature of all hybrids is that they charge fees for the services they provide, and this allows them to cover the cost of their operations. Operationally, they are exempted from many of the laws and regulations that apply to government agencies, giving them flexibility as they pursue organizational objectives.

## 2.1. Key Conceptual Theories

### 2.1.1. Hybrid Organizations

Defining hybrids could be such a herculean task since the word connotes different meaning for different people depending on the task at hand. The ubiquitous nature of the word has attracted lots of vague and ambiguous definitional attempts.

To begin with, several overarching definitions could be found in the dictionary for a much clearer and basic understanding of the word “hybrid”.



In most of the renditions, hybrid literally has been deduced to the definitions below;

- Anything derived from heterogeneous sources, composed of elements of different incongruous kinds
- a combination of two or more different things, people, styles and qualities that produces an attractive or effective result
- something that is powered by more than one source of power breed, from two or more distinct breeds, varieties, species, or genera
- something that is made or produced by putting several things or features together

With this background assumption, we know that hybrid organizations therefore takes the form of not only one, but two or more institutional logics culminating to form one, with the utmost intent of deriving the best possible outcome. The use of the term in this essay however differs from its usage in other disciplines and the subsequent paragraphs will strive to present a content specific scholarly understanding of this coinage as used in the literatures of public management and administration. Sometimes referred to as the fourth sector, hybrids are built on the assumption that neither traditional for-profit nor nonprofit models adequately address the social and environmental problems of contemporary times. Entrepreneurs of hybrids therefore strive to set up viable organizations and markets purposely to address core social and environmental issues. (Nardia & Hoffman 2012: 1).

Hybrids combine characteristics of public- and private sector entities. They are mainly created by governments to meet public policy needs and they in themselves more business-oriented. Their mode of operation resembles private sector companies in form and function, as many of them are profit-seeking businesses. The diagram below offers a summarized pictographic component of how a hybrid entity, organization, institute or firm looks like. The main components are the public, private and voluntary sectors respectively.

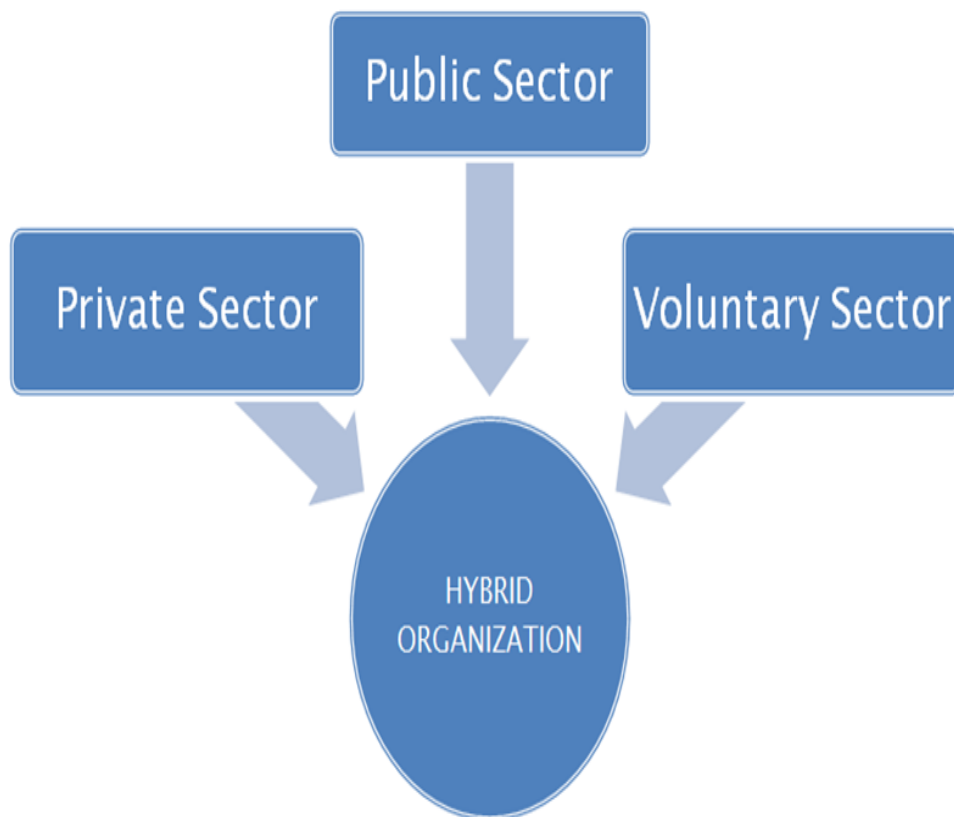


Figure 1. The Structure of a Hybrid Organization (Opoku 2016).

The concept of hybridity is a postmodern perspective of organizational theory. In its realm of activity, the core values of the three sectors are embraced and operationalized. Advocates of hybridity often argue that the synergy of commercial activities by the private sector and the execution of public duties and programmes by the public sector promote efficiency and results in high productivity.

#### 2.1.2. The Structure of Hybrid Organizations

According to World Bank, a hybrid organizational structure is one in which more than one organizational design is used. (World Bank 2007:2) Its functional attribute allows for division of work into areas of specialization and such organizations are more flexible in assigning roles. It subjects itself to market oriented mechanisms and principles and throws a constant search for innovative ideas.

The predominant features of hybrids are Ownership, Governance, Operational priorities, human resources, other resources and each of these elements comes with a distinctive set of principles for each sector. (Billis 2010: 49)

What emerge are tentative models of

- *A private sector which is (a) owned by shareholders and (b) governed according to the principles of size of share ownership, working according to (c) operational priorities driven by principles of market forces in individual choice, with typical (d) human resources consisting of paid employees in a managerially controlled firm and (e) other resources primarily from sales and fees.*
- *A public sector which is (a) owned by the citizens and (b) governed according to principles of public elections with work driven (c) by principles of public services and collective choice and as its typical (d) human resources consisting of paid public servants in legally backed bureau and (f) resourced by taxation. (ibid : 51)*

### 2.1.3. Contributions by the New Public Management (NPM)

The two decades spanning 1975-1995 is agreed implicitly in the literatures of public management to have witnessed a universal re-definition of the fiducial role of government, business and the market in both advanced and developing countries. Antwi et.al (2008). It is incontestable that NPM has had a profound impact on the scope of public administration the world over, and it has indeed become the dominant paradigm for public management as governments continue to seek new and innovative ways of making the public sector efficient and effective.

Observations by Savoie (2006) explicitly points out the core propositions of NPM and became critical of its “entrepreneurial management paradigm”. Theoretically, it is an ideal concept since it promises to offer the big answer to the various real and perceived shortcomings as far as public bureaucracy is concerned. The NPM philosophy is deeply rooted in the preference for private sector management style over public administration. Even though its management style has been viewed with skepticism from its inception, its contribution cannot be overlooked.

A critical view of the vocabulary of NPM reveals words such as empowerment, service to clients or customers, responsiveness, a shift from “process” to “performance”, and an emphasis on the need to “earn” rather than “spend”. Savoie (2006: 594)

There are indeed different contextual attributes that inevitably reflect the different cultural, political, as well as organizational character of NPM. Typical examples includes its characterization as “reinventing government or entrepreneurship in the United States; as citizenship, decentralization and deregulation in a European, predominantly Nordic model; as contracting in New Zealand; and as cost and control measures in the United Kingdom”. Maclaughlin et. al (2002: 39)

The salient overarching characteristic of NPM, according to Mclaughlin et. al (2002) includes, but not limited to;

- being close to its customers
- being performance-driven (targets and standards) not rule-bound
- displaying a commitment to continuous quality improvement (again targets, standards)
- being structured in a “lean” and “flat” way - highly decentralized, with street level staff who are “empowered” to be flexible and innovative
- practicing tight cost control, with the help of modern, commercial-style accounting systems
- using performance-related system for recruiting, posting, promoting and paying staff

A proper adherence to the above mentioned characteristics will cause reinvented public organizations to steer and not row, act in anticipatory manner, seek to use market mechanisms wherever possible (either through quasi-markets to introduce competition between public providers, or by contracting out or privatization processes), and seek inter-organizational partnership. (ibid: 276). A wide range of organizations undertakes activities aimed at advancing the course of humanity. Some are motivated by the values of market principles and measures aimed at maximizing profit and reducing cost is upheld in high esteem. Others are driven by humanitarian reasons whilst a greater number of organizations exist to address social and community based missions all aimed at improving the living conditions of the general populace.

Hybrid organizations incorporate the practices and value systems of three key sectors in pursuant of its primary objectives. It is imperative to also point out the fact that even though the salient features of these organizational sectors are quite distinct, the

combined effects of their attributes have a significant imprint on the overall performance of the hybrid case under consideration. There is therefore the need to espouse its resonance in the context of a developing country like Ghana.

For the purposes of pragmatic inference, the next chapters have been dedicated to providing explanatory values to these notable sectors that form the basis of the hybrid structure, namely; the Private Sector, Public Sector, as well as the Voluntary Sector. It is worthy of mention that there are indeed lots of connections and cross-sectorial cooperation among the various sectors even though they are theoretically distinct.

#### 2.1.4. The Private Sector

The realm of affairs by this economic sector is not controlled by the frontiers of the state, even though it is legally regulated by it. It is an influential sector most especially in free-market economies since they offer more employment opportunities in comparison with the other sectors. They face considerable amount of prospects and challenges, more especially in creating their own funds in order to start or sustain their field of operations. One ubiquitous feature of this sector is that they produce products to sell or offer services with the utmost intent of maximizing profit. (Thayn 2011)

The private sector has been described as the engine of growth as they help spurs the economic development of most economies. They require no subsidies from the government and consumers voluntarily patronize the products or services that they provide. One ubiquitous feature of this important sector is that, they operate to make profit and this is the main driving force behind their activities, and private groups and individuals run it. Motivated by the quest to attain full cost recovery, private sector companies does not strive to subsidized the cost involved in production but their modus operandi requires that consumers pay enough to cover the full cost of production, distribution and maintenance, with extra tokens for company profit too.

They are exposed to market principles and competition and industry players are expected to be creative and innovative in order to excel. They are largely defined as those entities of the economy that are owned by the private sector. Lienert (2009)

### 2.1.5. The Public Sector

Wolk (2007: 10) opines that public-finance theory tends to assign two major roles to government. First and foremost is the provision of public goods and services such as libraries, public education, national defense and policing. Secondly, governments are expected to augment market failures and inequalities produced by markets through redistribution—in the form of unemployment benefits, disaster assistance, or benefits to families living in poverty, among others. The mode of operations of this sector is very different from the others, in that they exist to provide goods and services that either not, or cannot be provided by the private sector (Business Dictionary). They offer solutions and interventions in times of market failures since the private and not for profit sectors alone cannot fully meet societal needs.

Compared to the private sector where consumers generally patronize services voluntarily, taxpayers are forced to pay for the services of the public sector.

(Thayn 2011). The nature of public sector jobs is consumptive in nature since their core mandate is not to generate wealth, vis-à-vis the private sector. Public sector organizations embark on public programs to safeguard the fundamental human rights of the citizenry and also to serve the public good. As noted by Wolk (2007), the public sector complements the private sector by filling in gaps left by market failures and provides the structure and stability that enables the private sector and markets to operate efficiently. Their fiducial responsibilities include the provision of public transportation, sewage and water systems, roads, public hospitals and schools among others.

In a nutshell, they are fiduciary required to create enabling environment for businesses to thrive, and in so doing, undertake projects and embark on programs of action with the primary purpose of safeguarding the public interest.

### 2.1.6. The Voluntary Sector

Credited for coining the term “the third sector”, Etzioni espouses that this sector is the most important alternative, not by replacing the public or the private sector, but by balancing and matching their important roles. (Etzioni 1973:315)

This sector is popularly referred to as the non-profit sector, community sector, not-for-profit sector and sometimes too the third sector. It has often been contended that upon a close examination of the *modus operandi* of both the public sector and the private sector, one will find a gap between the natures of the services they provide.

Governments through the public sector provide public goods and services to serve the public good while businessmen and entrepreneurs through private sector initiatives operate to make profit. The activities of the voluntary sector exist in between these two sectors.

In contrast to the public sector and the private sector, other notable terms are the civic sector or social sector, emphasizing its relationship to civil society. (Wikipedia) Eminent organizations in this sector are typically non-governmental in nature and generally not-for-profit oriented. The nature of their organization could be local, national or international. Mostly established and motivated by humanitarian reasons, they mostly embark on advocacy and monitoring campaigns aimed at creating awareness, providing information and solution to specific social issue. They work in hand with all sectors of the economy and they rely on donations and funds from private companies and individuals as well as world bodies to fund their operations.

It is often independent from more institutionalized power structures. (Corry 2010: 11)

Wolk (2007) opines “the nonprofit sector’s traditional role is to engage individuals in action to achieve societal goals”. Notable examples include religious organizations, private schools and hospitals, neighborhood associations, as well as social service providers. This sector usually acts whenever the private and public sector agencies are unable to fully meet societal needs. It is by far the smallest of the sectors and the revenue they generate is often used to sustain and grow their organization. (ibid: 12)

## 2.2. Key Observation from the Three Sectors

Traditionally, what is noticeable from them is their ability to continue to maintain their distinct roles and not lose track of their core tendencies as discussed above. The private sector is still very much focused on profitable markets; the public sector too is strongly providing solutions to market failures in the best way they could with the available resources; whilst the nonprofit sector also continues to engage citizens in meeting societal needs. Wolk (2007:13)

However, the economic dynamics of today's business environment and some of the emerging trends in doing business demands for a much more proactive, collaborative and innovative ways which places additional responsibilities and challenges on the organizations compelling some to seek for alternative ways to sustain their businesses.

### 2.2.1. The Case for Hybrids in Ghana

*“If you can’t control public enterprises to achieve efficiency, if they drain the financial resources of the state, if they absorb too much time and energy of senior politicians and civil servants, if reform is too difficult—take them out of government.”* (Heath 1990)

One of the paramount reasons many governments, especially in developing nations, fail to effectively provide public goods and services as well as fund large investments in infrastructure is their large deficits. The quest of the state to expand its role in more of the productive sectors of the economy results in further financial burdens, compelling the state to consider partnering others in carrying out its developmental plans and policies. (Mehrotra & Delamonica 2005: 143). In Ghana, for example, the social provisions of social amenities like water and electricity was, and still is in the hands the state. Public water supply system is managed by the Ghana Water Company Limited whilst the provision of electricity services to support the socio-economic growth and development is managed by the Electricity Company of Ghana Limited. These state owned companies are unable to sustainably and efficiently run public services due to some degrees of mismanagement and gargantuan indebtedness that has accrued over the years.



They still continue to charge low tariffs for the services they render and the government is expected to periodically subsidize their operational cost with the limited financial resources.

Academic institutions, high ranking hospitality outfits, notable corporate institutions, telecommunication companies, hyper and supermarket establishments, and even state-owned enterprises, municipalities, ministries, departments and agencies are heavily indebted to these utility companies. The height of the indebtedness has adversely hindered the work of the Public Utilities Regulatory Commission (PURC), which is a multi- sectorial regulator set up under the Public Utilities Regulatory Act, 1997 (Act 538) as part of the utility sector reform process to regulate the provision of utility services in the electricity and water sectors. (PURC 2012)

As part of measures to reduce the financial burden on governments and to augment their budget deficits, it has been a recurrent practice by various governments in Ghana to place much premium on seeking financial and managerial assistance from donor countries. Fiscal injection from world bodies like the International Monetary Fund and the World Bank has always been part of the financial policy options by successive governments. This continuous paradigm has come with consequences since the successful granting of the loans always come with attached conditionalities. Notable among these conditionalities are some controvertible austerity measures aimed at improving the economic situation. Introducing market-oriented principles in state-owned companies has been adopted and the concept of outright and partial privatization too has played a pivotal role in the nation's economic reforms and progress.

One significant hallmark with all political administrations, both current and past has to do with the commitment of stakeholders to not privatize the public utility companies but strive to use the mechanisms of the state to manage and sustain its operations. It is an interesting development because there have been several schools of thoughts and influential statesmen who have strenuously argued for the privatization of these utility companies, either partially or wholly.

“Privatization has increased profitability, returns to owners and investors, economic efficiency, and welfare and growth. But public perceptions of privatization are generally negative—and they are getting worse”. (Birdsall and Nellis 2002:1). This determined quest by the state to continue to be the main provider and regulator of utility services, much especially water and energy has been accompanied by strategic measures to make it sustainable and this is where the hybrid feature perfectly fits in. Public sector companies and enterprises are challenged to adopt some practices from the private sector and in some operational areas where they experience difficulties in service delivery, form meaningful partnerships. Hybrid organizations try to combine traditional ways of thinking and break the established norms and ideals. Contemporary organizations, public and private as well as the voluntary sector strive to create value by closely examining the intra-sections between different domains of society and ways of reasoning.

#### 2.2.2. The Country Ghana

Popularly hailed as the gateway to Africa, it is the first country to declare independence from European colonization in sub-Saharan Africa. Named after the medieval West African Ghana Empire, it is officially called the Republic of Ghana with Accra as its capital city. It occupies a total land area of 238,533 square kilometers, about the same size as Great Britain. Average temperatures ranges between 21–32°C (70–90°F), with relative humidity between 50% and 80%.

According to Ethnologue, there are an estimated 81 different spoken languages and dialects in Ghana, with those languages belonging to the same ethnic group being mutually intelligible. Even though English is the official language and *de facto* lingua franca, there also exist nine government-sponsored languages to be used mainly in the educational sector. Ghana is a secular state that endorses plurality of religion, and Christianity, Islam and Traditional religions are the most predominant. The peaceful co-existence of different religions has culminated into high levels of religious tolerance in the country since independence. It is arguably the most hospitable country in Africa.

The nation has an enviable geographical location for being closer to the center of the earth than any other country in the world, with the Greenwich Meridian passing through its industrial city of Tema. Perfectly located along the Atlantic Ocean and the Gulf of Guinea, it is bordered in the north by Burkina Faso, east by Togo, Ivory Coast in the west and the Atlantic Ocean and Gulf of Guinea in the south. The country has been endowed with abundant natural resources, notably kaolin, diamonds, bauxite, manganese, iron ore, fish, rubber, hydropower, petroleum, silver, salt, limestone, timber, gold, cocoa, copper, oil palm, clay.

Ghana is the world's second-largest producer of cocoa, with Ivory Coast being the first. Cocoa is indeed a backbone of the Ghanaian economy and the Ghana cocoa board manages this important commodity all over the country. Ghana is also Africa's second-largest gold exporter, behind South Africa. Aside the agricultural and mineral resource, the country's most valuable resource is its educated workforce. With literacy rate averaging 53 percent, it makes it one of the highest in continental Africa. It is a staunch member of the Economic Community of West African States and the African Union. Ghana is also a signatory to many Charters of the United Nations Organization.

With an approximate population of 27 million people, it is a lower middle-income economy with GDP totaling \$47.93 billion (World Bank 2013). It has the Ghana Cedi as its main unit of currency. There are indeed remarkable indicators that clearly depict the actual levels of socio-politico-economic development and the palpable prospects and challenges that characterized the country. Ranked 7th-best governed country in Africa by Ibrahim Index of African Governance, 114th in 2015 on the World Bank's Ease of Doing Business Index, 61st in the 2014 Global Corruption Perception Index and rated thirteenth-highest on the Human Development Index on continental Africa, Ghana seems to be doing quite well, not to even mention the fact that it is the 6th-largest economy as at 2013 on the African continent by purchasing power parity.

The quest to promote participation and reduce corruption in Ghana has led to massive decentralization plans and strategies by successive governments. Notable among these programmes of action is the National Decentralization Action Plan (NDAP), endorsed by the Cabinet in 2004.

In an attempt to devolve financial and administrative authority, the country has been legally demarcated into 10 administrative regions, 275 constituencies, and 216 districts. The country upholds democratic principles and the concepts of rule of law and separation of powers are strongly promulgated, much especially among institutions directly under the influence of the central government. Ghana practice a multi-party democracy headed by the President who also doubles as the commander in chief of the armed forces. The unicameral nature of its parliament makes it the highest decision making body in the country. Indeed the political system subdivides the government into the branches of the Executive, Legislature and Judiciary.

### 2.2.3. The Legacy of Colonial Administration

Ideally, any attempt to analyze the current state of the Ghanaian public service should first and foremost revisit the past, hereby referred to as the “colonial era” to unravel and bring to bear the true state of the sector which existed at that time. Such an exercise is quite essential especially in academic discourse since most of the trends, features, composition and general attributes that currently exist are inextricably woven and has a strong connection to past developments. Leith (2000)

To a larger extent, the basis for the current system draws much inspiration from the colonial system of bureaucratic governance and administration. Leith (2000) further opines that the current and future economic development of Ghana should be linked to the complexities of the past economic, social and political events and the current state of affairs particularly could as well be summed up as an aggregate of events which existed during the time of independence through the major economic reforms in 1983.

This section primarily attempts to briefly analyze the legacy of both colonial and postcolonial systems of administration by revisiting and bringing to light most of the salient traits that existed in public companies during that era. It will also account for the composition of the Ghanaian civil service, their core mandate and ultimately draws the linkage between the era in question and the current trends in the sector.

#### 2.2.4. Composition

According to Subramaniam (1990), Ghana's colonial system of administration was largely patterned after the British civil service. The colonial bureaucracy was composed of a governor-general, a secretariat (headed by the colonial secretary), and various technical departments. He observed that the service included six grades: administrative and professional, technical, executive, artisan and clerical, and subordinate. During the era, much premium was placed on qualification and training and entry position in the various divisions of the service was largely done based on a candidate's level of qualification and years of experience. The colonial office in London through the efforts done by the Crown agents solely did appointments into senior-level positions. However, all recruitments to junior-level, semi-skilled, clerical and unskilled positions were handled by the secretariat. Subramaniam (1990: 230)

#### 2.2.5. Characteristics

One peculiar character of the colonial system was its centralized authority structure, which resulted from the British tradition of centralized government with limited deconcentration. This eventually led to the introduction of the indirect rule system of administration whereby local chiefs (traditional leaders) were appointed to act on behalf of the British government. According to African customs, traditional leaders are rulers holding power and this already existing tribal structure was used as a conduit to establish rules and regulations. (The American Historical Association)

### 2.3. Public Administration during the Postcolonial Period

Upon the attainment of independence in 1957, the newly constituted "African" government under the leadership of Dr. Kwame Nkrumah to affect the capacity and efficiency of the inherited public sector threw a constant search. Its role as an arm of government was to be re-emphasized in an effort to ameliorate the general public misconceptions about the sector as the government itself.

There were urgent public duties to be done which was mainly in the execution of public policy and programmes and the concept of separation of powers and decentralization measures were introduced. Many changes were made as the old technical departments were placed under the general supervision of politically appointed ministers after it has been divided up into ministries. Subramaniam (1990: 233)

The public service commission was given the fiducial responsibility of recruiting personnel into the civil service. This was a task previously handled by the Colonial Office. There were some changes in the sector but the core structures and procedures that prevailed during the colonial era were left unchanged.

It is also worthy of mention that notable public service traditions which were an embodiment of British civil service practice were also left intact as part of measures adopted to make public service attractive in the postcolonial period. Traditions such as anonymity, political neutrality, impartiality and security of tenure were held in high esteem. One striking observation made by Subramaniam (1990) has to do with the nature of correlation the old traditions which existed during the colonial era has to do with the subsequent problems which emerged during the later era. Certain inherited colonial procedures and structures gave rise to both organizational and political problems.

The loyalty of the senior officers popularly referred to as “civil masters” to the new African-run regime were questioned and they were suspected to be sabotaging the new administration. In a popular speech to address this issue, the prime minister and leader of the ruling Convention People’s Party made the following profound statement;

*“It amazes me that up to the present, many civil servants do not realize that we are living in a revolutionary era. This Ghana that has lost so much time serving colonial authorities, cannot afford to be tied down to archaic snail-pace methods of work that obstruct expeditious progress.... Civil servants therefore must develop a new sense of mission and urgency to enable them to eliminate all tendencies towards red-tapism, bureaucracy and waste. Civil servants must use their initiative to make the public service an effective instrument in the rapid development of Ghana”. Subramaniam (1990)*

The public sector at the time had problems spearheading the much-anticipated rapid social, political, as well as economic development of the nation since it lacked the morale and capacity to undertake such a herculean task. The service has for years been restricted to serving the limited needs of the British authorities especially in areas of revenue collection and maintaining law and order. Their modes of operations were largely oriented towards routines and compliance with laid-down procedures.

Re-orientation of the colonially established bureaucracy was very essential in the postcolonial administration since the attitudes and practices of the former ought to be transformed for progress to be made. It is often argued that perhaps the most significant change and transformation the public sector had to undergo was the decision by Nkrumah to increase the number of public corporations and other quasi-governmental agencies (or parastatals) in an effort to boost the economic fortunes of the state. These newly constituted bodies were publicly owned and manned, yet there were expected to operate on a commercial basis.

#### 2.4. For-Profit Public Sector Corporations

By the end of 1965, sixty public corporations have been established to operate on profitable basis and there were exposed to the mechanisms that exist in the private market. Subramaniam (1990: 235)

These were strong ad hoc measures with very promising sustainable elements and character. Notable among these newly constituted, state-owned and manned, as well as profit-oriented corporations were the Water and Sewage Corporation, the State Insurance Corporation, the State Shipping Corporation, the United Farmer Ghana Council, the State Transport Corporation, and the Omnibus Service Authority.

It is also worthy of mention that there were other state-owned corporations which were engaged directly in productive and profitable ventures. Notable among them were the State Pharmaceutical Corporation, the State Distilleries, the State Electronics Corporation, the State Fishing Corporation and the State Farms Corporations

According to Leith (2000), state-owned companies were strong market contenders and they were heavily involved in a wide range of activities.

Their mode of operations were seen in the production of steel, bricks, boats, fiber bags, sugar, liquor, marble, paint, paper, among others. Gold mining activities, Aviation services (airway), construction activities, hotel and hospitality services, as well as wholesale and retail services were all carried out by the state by the middle of 1960.

Subramaniam (1990: 241) argues spells out that even the various post-Nkrumah regimes showed an inclination to depoliticize the public service, most especially in the areas of administration but it is quite unfortunate to realize and conclude that the desire for reform did not always match up to the capacity to put such thoughts into effect.

## 2.5. Problems of Ghanaian Public Service

Historically and even now, Ghana's public service has been plagued with numerous problems and challenges that have affected its will and capacity to make maximum contributions to issues of national development. (Boakye-Yiadom 2006)

Just like any other human organization, the Ghanaian public sector has its own problems and challenges, which has characterized it since its inception. There has been constant stakeholders attempt to find lasting solutions to most of them but till date, they still prevail and are constantly made manifest in their day to day operations.

As the world becomes more technologically inclined and closely interconnected, it has even become more visible that the Ghanaian public service is struggling to cope with the current social, economic and political changes prevailing in developed countries and has not lived up to expectations in managing and improving the capacity of its human resource. It is imperative to categorically state that, an effective and efficient public sector is paramount and directly linked to the socio-politico-economic development of Ghana, hence the need to find sustainable solutions to the problems deeply crippling its capacity to operate. These problems have included, among others; Over-bureaucratization: cumbersome administrative procedures sometimes referred to as red tape or lack of long term/strategic planning, bankrupt leadership and lack of entrepreneurship, lack of collaboration among agencies in the service, negative work ethics leading to low productivity, poor customer care, corruption, lack of human



resources in strategic sectors and low morale and motivation. (See Boakye-Yiadom 2006: 8, Haruna 2003: 344)

The general public perception and opinion about the performance of public sector organizations and their capacity to affect real change is quite negative comparative to their perception about either the private or the third sector. Seemingly, the public service is also characterized by some debilitating features such as inadequate legislative framework to support operations and functions, acute understaffing in the senior and professional grades caused by brain-drain, obsolete and rigid rules and regulations resulting from an outdated Civil Service Act, defective managerial competence, as well as uncontrolled recruitment in non-critical occupational grades leading to undesirable expansion in its size. It is often argued that the size of public sector workers ought to be reduced drastically since most of the staff recruited annually serve in non-critical areas of the economy and they are largely redundant. Measures should therefore be put in place to solve this redundancy syndrome. (Ayee 2001:4)

## 2.6. Past Reforms in Ghana

Reforming the civil service has become the standard feature of the drive to achieve good governance and sustainable economic development in most developing economies. Adei & Boakye-Danquah. (2012). Public sector reforms has therefore remained a central preoccupation in Ghana's political history and various governments through either decrees or acts of parliament have made significant strides towards improving and amending unsatisfactory elements prevailing in institutions. Since Ghana gained independence in 1957, several attempts have been made by successive political administrations to make the Ghanaian public service economically viable and productive. Notable among them was the Mills-Odoi Commission on the Structure and Remuneration of the Public Service of 1967.

It is worthy of mention that the outcome of the work done by the Mills-Odoi Commission in 1967 led to the establishment of the Ghana Institute of Management and Public Administration (GIMPA), and it emerged from the Institute of Public administration (IPA). Aryee (2001: 4)

The mandate of the institute was to train personnel in the public services, equipped them with the requisite skills and techniques for changes which were envisaged in public organizations and to enable them cope with contemporary challenges.

Aryee (2001: 5)

There was also the Okoh Commission on the Structure and Procedures of the Civil Service of 1974, Public Administration and Decentralization Implementation Committee (PARDIC) of 1983 and the Civil Service Reform Programme (CSRP), which was commissioned in 1987.

### 2.6.1 Structural Adjustment Programme

Popularly hailed as “short term pain for long term gain” Ghana’s Structural Adjustment Programme (SAP) was launched in 1983 and was championed by the Bretton Woods Institutions; including the World Bank and the International Monetary Fund. The reform was intended to alleviate poverty, significantly improve the living conditions in Ghana and ultimately to promote economic growth by relieving indebtedness.

Aramide (2015)

As far as the implementation of SAP was concern, the main obstacle to economic growth in most developing economies and for that matter Ghana was the huge involvement of the state in terms of its control over manufacturing activities and also its over ambitious social service programmes. The implementation of SAP therefore was to reduce government’s expenditures through cuts in the provision of social services and most importantly privatization of state-owned enterprises. Trade liberalization was introduced to breed market competition and it will later on create some hardships to indigenous enterprises.

As a result of the ethos espoused by free market economies, the proponents of SAP (World Bank & IMF) pushed for the privatization of public services and goods and some basic amenities such as water. This development led to the introduction of user-pay adjustment policies. Critics of SAP often argue that the programme was a direct infringement of the social and economic rights of the Ghanaian ordinary citizenry since it deprived the poor of access to basic amenities like water, and it favored only those

who could afford under the concept of “cash and carry” system. Generally speaking, it was a more profit-oriented programme that in the long term defeated its intended purpose of alleviating poverty and improving living conditions.

Public Financial Management Reform Programme (PUFMARP) was also launched in 1995 and initiated in 1996 as a comprehensive and integrated public financial management programme with the aim of unifying the various aspects of public finance and also to augment and help overcome the problems of earlier attempts at reforming. Its ultimate objective was to adequately enhance the transparency, efficiency and accountability of financial management functions of government. Iddrisu (2006)

There was also the Civil Service Reform Programme that was primarily intended to make the civil service a “value for money” institution. Upon its failure to achieve its core objectives it was revised and later became known as the Civil Service Performance Improvement Programme (CSPIP). It was also intended to revitalize the public sector institutions and its primary objective was to improve the delivery capacity of the service characterized by better customer/client satisfaction, improved delivery of service, a new code of conduct and work ethic, transparent and accountable civil service free of corruption; and a service with vision, mission and committed leadership. Adei & Boakye-Danquah (2012)

After CSPIP came the National Institutional Renewal Programme (NIRP) in the late 1990's. This was a World Bank project intended to develop a motivated and proactive public service capable of contributing toward the attainment of broad policy objectives of Ghana in the areas of good governance, accelerated economic growth, private sector development and equitable social development. Opoku (2010: 9)

NIRP was to transform state institutions and corporations, their accountability and also performance framework, and most significantly their relationship with both the private sector and civil society. Its major aim was to bring about a fundamental and strategic change in a progressive manner. It challenged the status quo and public servants were called upon to facilitate development by supporting entrepreneurial operations. Ibid (10)

The programme did a thorough study and an in-depth business review of the existing public administration structure and came out with some ad hoc recommendations that; in order for the economic fortunes of the country to improve significantly, there is the need for some government institutions and agencies to go off the “ministerial enclave” since some of them could be on their own. As part of the recommendation by the NIRP, the Ministry of Public Sector Reforms Secretariat was created in 2005 under the office of the president. It is currently continuing those reforms already initiated about a decade ago since reforms are continuous processes and their success to a larger extent depends on the political will to see it to the end. It is supposed to be an entrenched consideration for all political parties to follow.

Some reform measures require change in personnel before you change structures. In other reforms too the structures need to be changed before personnel are deployed there; and yet in other ones you have to do both concurrently. The secretariat is currently continuing past reforms such as the Subvented Agencies Reform Programme, Service Delivery Reform Programme, Reform of Central Management Agencies, and other reforms that are cross cutting. It is worthy of mention that there were indeed several ad-hoc institutions that were created to champion the implementation of reforms even before the establishment of this ministry.

#### 2.6.2. Why Past Reforms in Ghana Failed

Adei & Boakye-Danquah (2012) opines that reforms are not natural or accidental but are however man-made, deliberate and above all planned. Aryee (2001) also noted that high-level political administrative commitment; and the motivation and involvement of civil servants themselves in a bureaucratic system that is too weak to impose central top-down reform are among the factors that determine the success or failure of civil service reform. Despite the outstanding input and recommendations by past social and economic reforms in Ghana, the organizational structure and management practices of public sector organizations remained essentially unchanged and the economic fortunes too have not seen much improvement.

The emergence of modern state places further obligations on public sector organizations as they are not only expected to formulate policies but to also implement these policies in an efficient and cost effective manner; and it has often been argued through several observations that, most of the problems of the civil services has to do with the effective and efficient management of developmental policies and programme of actions. There were pragmatic difficulties in translating policies into feasible programmes capable of implementation. Adei & Boakye-Danquah (2012) states;

*“Conclusion from a survey of both Civil Servants and selected client perceptions is that, while there have been marginal improvements in capacity of the Service, the main coordinates of the reform – attitudinal and cultural change, reduction of corruption, better work ethics and overall customer service remain worsened. There is no clear evidence of better focus that is evidence of weak managerial leadership and to some extent politicization and donor drivenness of the exercise. “*

When it comes to the implementation of reform programmes in Ghana, there is always a huge discrepancy between what is being done and what ought to have been done. Other notable reasons to account for the failure of past reforms include political instability (coup d'état), bad governance, economic decline and the politicization of the Civil Service, coupled with scarce financial, managerial, material and equipment resources to carry out policy implementations. All these reform programmes were dictated to the country from outside and they were part of conditions for getting assistance from donor countries that mainly comes in the form of loans and grants.

All these reforms were not sustainable simply because they were not “home-grown” and were not motivated by the general socio-economic conditions which prevailed in the country. They were not based on the true state of affairs of the economy. On the contrary, it was to serve the interest of the donor countries and organizations. The reforms were part of the conditionalities driven from multinational corporations and donor countries, which were attached to loans and grants. It failed to depict a clearer picture of the prevailing socio-economic situation in the country, thereby remaining superficial.

### 2.6.3. Divestiture Implementation Committee

When we talk about privatization, the high cost of divestiture and the subsequent liabilities therein raises serious questions about its effectiveness. Ghana has a long history of privatization and liquidation and this has been mainly achieved through the activities of the Divestiture Implementation Committee. The performance of state-owned enterprises (SOEs) in Ghana has proven to be inadequate over the years due to recurrent reasons such as overstaffing, laissez-faire attitude towards state business, inadequate working capital for new investments, bureaucracy, lack of technical expertise, and most importantly the absence of the commitment and entrepreneurial direction that the private investors bring to business. (Curtis: 2012)

Divestiture Implementation Committee (DIC), which is a constitutional body set up to plan, monitor, coordinate and evaluate all divestitures has embark on an ambitious programme aimed at unlocking the economic potentials of the country by reducing the size of the public sector and to improve their performance by mobilizing private sector capital and management. The public sector was earmarked for rationalization through the adoption of divestiture programs and this has for years been the core mandate of the DIC. The membership of the DIC comprises private sector representatives, ministers of state, trade unions as well as institutions.

	Up to 1991	1992	1993	1994	1995	Total
Sale of assets	16	4	3	30	19	72
Sale of shares	11	5	2	2	6	26
Joint venture	6	3	1	4	0	14
Lease	3	1	0	1	0	5
Liquidation	24	2	5	5	6	42
Total	60	15	11	42	31	159

Table 1. Divestiture of state-owned enterprises 1991–1995

(Cornelius Dzakpasu, 1998. Privatization & Management Development in Africa, 4)

The DIC was set up under the Divestiture of the State Interests (Implementation) Law, 1993, (PNDC Law 326). Their main functions are;

- To plan, monitor, coordinate and evaluate all divestitures
- To arrange for the effective communication of government policies and objectives for any divestiture
- To develop criteria for the selection of enterprises to be divested and assume responsibility for preparing such enterprises for divestiture
- To make appropriate consultations for successful processing of all divestiture programmes and to ensure consistency in procedures for divestiture, in particular with regard to valuation, invitation for bids, negotiation of sales and settlement of account

The mode of divestiture of the various State Owned Enterprises was in different folds. Information was gathered on all the listed SOEs and decisions are made by the DIC as

to whether an enterprise earmarked for divestiture should be diversified wholly or partially through fragmentation. There were other forms of divestiture such as sale of government shares to interested parties and also profitable partnerships with the private sector. This was seen as a strategy to improve the efficiency of struggling enterprises and also a measure to save those that were on the verge of being bankrupt.

Ghana has had a long history of privatization and prior to its privatization programme there were over 300 state-owned enterprises. Between 1991 and 1995, the years covered by the studies, up to 159 SOEs were divested. Details of the transactions in the period in question are depicted in table 1 above. These measures were intended to stabilize the economy and to help rebuild the socio-economic infrastructure. The divestiture programmes and the subsequent privatizations was a means of reducing the state's direct involvement in the economy and it took the form of full or partial sale or transfer of ownership, sale of assets, leasing arrangements, contracting out and liquidation of enterprises. (Dzakpasu 1998: 1) There can be more effective and efficient public service in Ghana provided the government, public servants, the private sector and civil society will collectively throw a constant searchlight on programs and strategies to ensure the competitiveness and productivity of the Ghanaian service (Boakye-Dankwah 2006: 13)

## 2.7. Linking Socialism Breakdown to Current Hybrid Choices

As stated earlier, the presidency of Dr. Kwame Nkrumah in the 1960's led to the adoption of state-oriented policies and programme of action aimed at tackling the socio-politico-economic challenges of the newly independent country. As an influential advocate of socialism and Pan-Africanism, the state became the main provider of goods and services. However, the National Liberation Council (NLC) through a bloodless coup d'état revised his nationalistic and socialist policies when he was ousted in 1966. By 1983, the Ghanaian economy has suffered a lot of economic downturns and was in critical need of financial assistance. Soliciting for assistance from the western countries was seen as the only viable option for economic recovery. This policy option resulted in Ghana being integrated into the global capitalist economy.



Yakubu (2005) noted that internal and external socio-economic realities placed enormous pressure on the leadership of Provisional National Defense Council to accept IMF and World Bank's Structural Adjustment Programme (SAP) that involved both economic and political dimensions. Economic recovery reform programme was dictated and Ghana was to accept specific set of policies that were directly linked to conditional loans. Market-oriented policies such as trade liberalization, privatization, and fiscal discipline were introduced.

The year 1983 was a milestone in the socio-politico-economic history of Ghana as the country embarked a major reform programme aimed at reducing the States involvement in managing and directing the affairs of State Owned Companies and Enterprises. The policy of privatization was adopted and it soon saw the transfer of ownership of public assets to private firms through several policy options that were agreed to.

One of the main arguments that were used to justify the privatization policy was that it was going to help attract foreign direct investors and create an enabling environment conducive enough for private sector participation and growth. Towards the end of the privatization process which spun for about a decade, an estimated 335 public sector enterprises and companies were transferred to the private sector. (Bank of Ghana policy brief (2005: 1)

#### 2.7.1. Lessons from Collapsed State Owned Companies

Pressure groups, opinion leaders, opposition political party executives, as well as other notable stakeholders and public opinion generally implore the current political administration in charge with the day to day administration of Ghana to reactivate the over 300 state owned enterprises, corporations and projects that were initiated by Ghana's first president. Till date, these companies and projects that were once seen as the most thriving and promising economic development investment to boost economic growth have been abandoned and left to rot by both successive and incumbent government.

Notable among these companies are; State Construction Company, State Hotels, Tema Food Complex, Nsawam Cannery, State Fisheries, Takoradi Paper Mill, Tema Steel Works, State Housing Corporation, Takoradi Flour Mill, Aboso Glass Factory, Kumasi Jute Factory, Saltpond Ceramics, Pomadze Poultry Farm, Aveyime Cattle Ranch, Kade Match Factory, Kumasi Shoe Factory. These industries, among others are today either collapsed or become desolate. Abugri (2009)

It is imperative to also point out that some of the State owned Companies formed during the post-independence era still remains and are contributing immensely to salvage the economic challenges the nation currently face. They include the Bank of Ghana, Agricultural Development Bank, Ghana commercial bank, National Investment Bank, State Insurance Company, the Social Security and National Insurance Trust, Ghana Cement Company, Ghana Oil Company, Ghana Ports and Harbours Authority.

(Ibid, 17). These projects were wholly initiated and owned by the State with no intent of involving private sector capital and investment. Dr. Kwame Nkrumah was a known socialist and very ideological in stature. He believed in nationalism and this explains the rationale behind all these State Sponsored Projects.

One significant observation is that most of these ambitious projects were taking place simultaneously and at some point where it even became evident that most of these companies could not survive on their own because of the State's inability to provide the needed capital for reinvestment, private sector involvement was still not considered a viable option at the time for fear of losing the State's absolute control. It is now generally accepted that, most of these defunct companies could have had a major chance of survival should there has been a collaboration between the public, private as well as the voluntary sector.

#### 2.7.2. A Brief Overview of the Theoretical Framework

The theoretical concept of hybridization has come to stay and it is offering an alternative solution to most of the economic, administrative, managerial, and some

pragmatic challenges, which has affected the delivery capacity of most public sector organizations. The growing in number of criticisms against public sector organizations and their financial burden on governments has led to the sudden preference for hybrid organizations to execute current and future public policies and programs.

Comparatively, the current political administration in Ghana is now committed more than ever to reducing the state's role in policy implementation and has adopted an “all-inclusive” approach to solving national developmental issues. Technocrats are called upon, irrespective of their field of operation, to advance the cause of a national developmental policy called “Better Ghana Agenda”. The three main sectors involved in the hybrid realm are the public sector, private sector, and the voluntary sector.

The private sector has for centuries been known for its profit-driven approach in its modus operandi. The public sector too has been characterized by its provision of public goods and services, not with the intention of making profit but to improve the living standards of its citizenry and also create an enabling environment for businesses to operate without fear or favor. The voluntary sector also has carved a niche for itself over its humanitarian tendencies. The private, as well as the not-for-profit sectors partner and collaborate with the public sector in some areas of operationalization and it is intended to introduce new ideas and exchange of core sector values and ethics.

As stated earlier, hybrid organizations adopt the best practices, which exist in the three main sector organizations, and incorporate them into a single unit. The unique attributes of public, private and voluntary sector makes the theoretical constitution of a hybrid entity, which produces an efficient and cost effective solution. New government reforms are proposed and existing ones are also adequately entrenched to pave way for sustainable growth and development.

The economic situations in Ghana has fueled and even compounded various agitations towards the public sector. The government of the day blamed the financial woes and economic instabilities in the country to the huge budget deficit arising out of the

introduction and subsequent implementation of the Single Spine Salary Structure (SPSS) that was intended to serve as a morale booster for all public sector workers.

A better-paid public sector could be more efficient in the delivery of important services of interest to Ghanaians. (Attiah 2014). There are now proposed models as part of the reforms programmes by the Ministry of Public Sector Secretariat to restore the public confidence in the public sector organizations, and this development has indeed created ample room for introducing new, diverse and innovative ways of handling policies which goes beyond the boundaries of traditional public sector practices and their usual approach to solving problems, hence the introduction of hybrid organizations.

As stipulated by Ghana's Public Sector Reform Secretariat, most of the past and ongoing reforms in the public sector were not deliberate solutions to economic challenges by the Ghanaian government's themselves but they were dictated to the country from outside by donor countries and organizations like IMF and the World Bank, and they were mainly part of conditions for getting international assistance in the form of loans and grants. Antwi et. al (2008) noted that the era of the new public management had a profound impact on policy choices and management styles and it placed additional responsibilities and subsequent challenges to sector managers as they were compelled to undertake roles which were beyond their traditional roles.

### 3. METHODOLOGY

This chapter has been dedicated to offering an explanatory value to the entirety of the methodology used in this study. There will be a brief description of the sampling strategy followed shortly by an introduction to the case companies presented. How and when the data was collected would become clear afterwards. The rationale behind the choice of the four main public sector organizations that forms the main cases in point of these studies would also be covered. A later section would be dedicated to presenting a general overview of the interview guide.

The results of the findings however would be presented in the subsequent chapter.

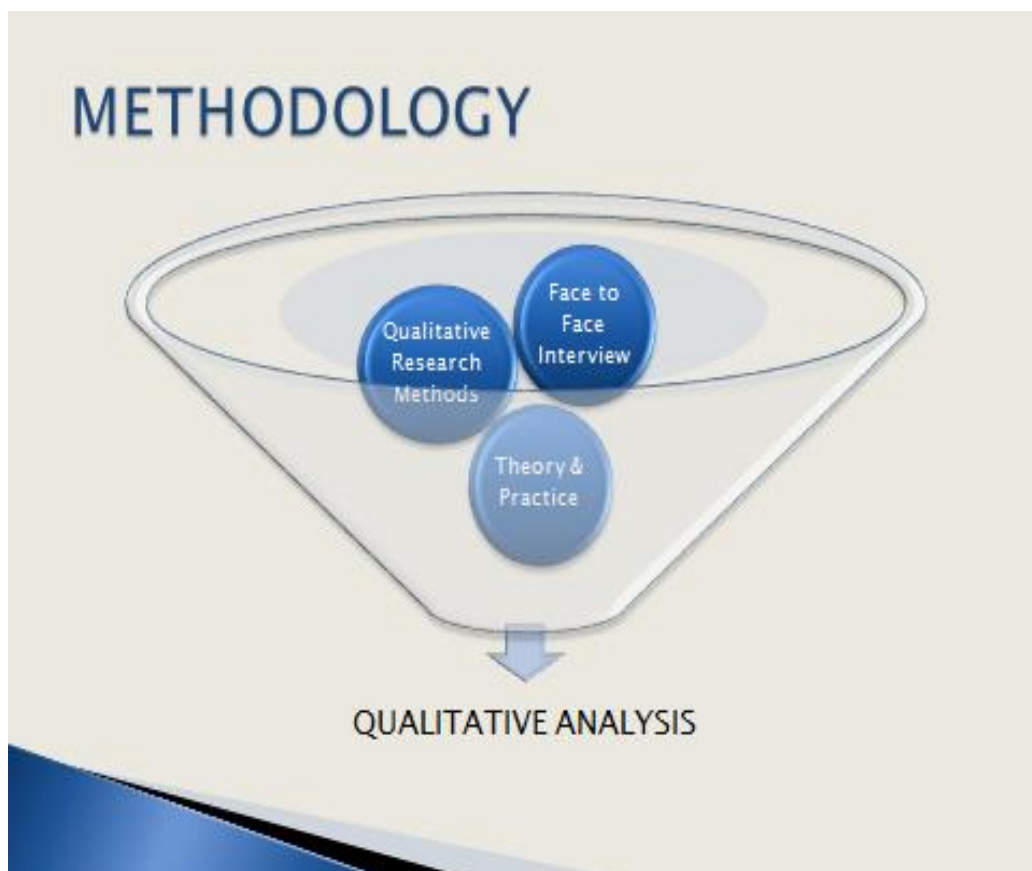


Figure 3. Case Study Research (Opoku2016).

In the words of Dooley (2002: 336), *"Case study research generally does not lend itself well to generalization or prediction. The researcher who embarks on case study research is usually interested in a specific phenomenon and wishes to understand it completely, not by controlling variables but rather by observing all of the variables and their interacting relationship."*

Cases should be presented as they exist and attempts therefore should not be taken to twist facts about a phenomenon. Ideally, a good case is to be taken from real life situations and it strives to portray a balanced and multidimensional representation of the situation, giving the context and participants. (ibid: 337). Normally, a sizeable amount of cases are emphasized in a particular study and efforts are made to contextually analyze the events or scenarios and their relationships to each other, by paying much attention to similarities and differences. This therefore places additional responsibilities on researchers to pay attention to minor details. Being meticulous during case study research is essential to ensuring an accurate coverage of the situation under consideration.

Like other forms of research, case study research is concerned with important issues such as methodological rigor, validity, and reliability. This is accomplished through six elements as given by Dooley (2002: 338);

- Determine and define the research questions
- Select the cases and determine data-gathering and analysis techniques
- Prepare to collect data
- Collect data in the field
- evaluate and analyze the data
- Prepare the report

### 3.1. The Choice of Research Method

Two distinct approaches come to mind as far as research methods are concerned. Quantitative and Qualitative approaches. Quantitative research methods deal with research involving measurements and it is a very useful instrument for transforming numerical data into useable statistics. Acaps (2012)

The approach is very logical and critical in nature and it is characterized by testing hypothesis and verification. Sometimes referred to as exploratory, ethnomethodology, or field research; qualitative research is descriptive in nature and does not resort to the use of numbers or statistics to make sense of a situation but however generate words as data for analysis. Generally, qualitative approach aims to understand a given case organization or event by asking questions about the ‘why’, ‘how’ or ‘what’ rather than ‘how many’ or ‘how much’ which are best answered by qualitative research methods. Patton & Cochran (2002)

Qualitative method is focused on gaining a deeper understanding of cases rather than resorting to surface description of a sample of a given population. It aims to also understand through first-hand experience how participants derive meanings from their surroundings and the magnitude of the influence of the derived meaning on their actions and behaviors. This thesis primarily aims to understand the extent to which the adoption of the theoretical concept of hybridity would have on public sector practices. In this regard, the adoption of qualitative research approach is deemed most appropriate for the task at hand since the goal is to understand a phenomenon.

#### 3.1.1. Data Collection Strategy

Yin (2014: 28) opines that colloquially, a research design is a logical plan for getting from *here* to *there*, where he defines *here* as the initial set of questions to be answered, and *there* as some set of conclusions. Between *here* and *there* however are some important steps such as the collection and analysis of data.

There are five components of a research design that are very crucial to case study research and these are given as a study's question, its propositions (if any), its unit(s) of analysis, the logic linking the data to the propositions; and the criteria for interpreting the findings. *ibid* (27). As mentioned and explained earlier, this thesis resorted to the use of qualitative research methods and consists of both an in-depth background studies into the four public sector organizations which constitutes the case organizations, and semi-structured interviews with the aid of a recorder.

Before the commencement of each interview section, participants were assured of the confidentiality and anonymity of their responses and that; all responses, observations, opinions and their use of contextualization cues are purely for the purposes of academic inference, and nothing else. Following the questions on the guide, responses were recorded using a much more reliable voice and speech recorder in iPhone, which was backed up to the iClouds automatically to avoid any unnecessary loss of data arising out of some palpable mistakes usually encountered during field work. Field notes too were taken where it was deemed necessary. The methodology was quite flexible to allow for emerging themes as the interview progressed but all the subsequent emerging themes were documented for further considerations.

### 3.1.2 Interview Guide

Designing the guide took several factors into considerations, some of which were as a result of both theoretical and pragmatic considerations. Considering the practicality of the guide, bearing in mind its feasibility and palpable challenges, as well as the intended goal of the questions led to a more refined and strategic questions devoid of all ambiguities. The main question that led to the choice of the final questions was "what do you want to achieve with these questions?"

Asking myself this question enabled me to tailor the questions in a way that would generate a desired response in a specific direction, and most importantly aided me in avoiding superficial and vague responses. The questions to be covered during each interview section was outlined and given to the respondents to serve as a checklist.



This approach was beneficial and contributed to the success of the process since no relevant question was forgotten as the interview proceeded. Resorting to the use of the guide approach ensures that the same general areas of information are collected from each interviewee. It allows for a greater degree of freedom in getting the right information from the respondents even though it is more focused and conversational in nature. (Dapzury & Pallavi (2015))

During the course of the interview, different follow-up questions were spontaneously created and asked in an attempt to further clarify a phenomenon. One salient observation from the fieldwork was the difficulty interviewees had in deciphering the meaning of a hybrid organization. It became apparent that most respondents were novice to the theoretical concept of hybrid organizations and its constituents so a basic introduction and a subsequent vivid explanation were given before the commencement of each interview section. This approach was beneficial since the terminology formed the cornerstone of the whole exercise.

The first part of the interview guide was dedicated to understanding the ample effect of tariffs and subsidies. It was intended to know their overall impact on service delivery and also try to understand it from the point of view of the customers. The second sets of questions focused more on management side of public sector corporations and managers to be precise. It was intended to know the challenges they face on daily basis and how issues such as bureaucracy and interference impinge on their capacity to deliver. Questions on the challenges the organizations face as well as the benefits therein through the adoption of the hybrid feature also was covered. The last section primarily dealt with the pros and cons emanating from public-private partnerships and room was created for respondents to openly talk about some of their experiences and observations as public sector managers that were not covered by the interview guide.

### 3.1.3. Sampling

In any research project, choosing a study sample is an important step since it is rarely practical, efficient or ethical to study whole populations.

The aim therefore of all qualitative sampling approaches is to select a representative from the population so that the ultimate results of studying the sample can be generalized back to the population. Marshall (1996: 522)

Landreneau (2008) defines sample as a subset of a population which one select to be participants in a given study. Sampling therefore is simply stated as selecting a portion of the population in your research area, which will be a representation of the whole population. “The strategy too is the plan you set forth to be sure that the sample you use in your research study represents the population from which you drew your sample”. (ibid: 1)

In qualitative research, researchers are not immune from errors. The choice of a sampling population is therefore significant in an effort to control the margin for error. In the initial stages, five potential case organizations were selected, out of which four was chosen. Unfortunately, one of the companies that were initially contacted to be part of the case was unable to participate due to lack of time emanating from some administrative and procedural delays.

Top-level managers in key management positions were contacted from each case organization for a time period ranging between an approximate 45 minutes and 1 hour. The target was to conduct 15 recorded semi-structured interviews using the interview guide. Four public sector managers in key management positions from each case organization were contacted, and upon approval, selected to be part of the interview session. The managers were selected based on the position they occupied and the relevance of their field of operation. The sampling strategy focused on public sector companies and organizations that were deemed highly informative and most relevant to the topical issue under consideration

#### 3.1.4. Collection of Data

The data collection process lasted for a month and it began in the month of April 2015. Seemingly, all the information that was gathered through the fieldwork was obtained by an absolute means of face-to-face contact with case organizations.

There was no attempt to solicit data through any corrupt or dubious means such as bribery or coercion and most importantly, the case organizations voluntarily participated in the interview process. There were no recorded cases of conflict of interest on either party involved and no compensation package was promised to any participant in the quest to solicit information.

Furthermore, all the enquiries, formal introductions and subsequent interview segments were all essentially conducted in English, and since the official language for all government businesses and public sector activities in Ghana is English, no language barrier was encountered during the data collection process. As mentioned earlier, the interviewees were asked beforehand if it was okay to record the interview process with the intention of having the raw data available later. With the exception of one respondent who expressed his dissatisfaction with the use of a recorder during the interview segment, citing past negative experience, all the other interviewees consented and gave their permission.

The use of a recorder facilitated the whole interview process. The recorder gave the advantage of a playback option and saw that the diction and expressions used were devoid of all ambiguities. It was intended to ensure that important facts and opinions expressed would not be missed or misunderstood. This approach limited the tedious task of taking notes during interviews and lead to a successful and insightful interview segment characterized by direct, open-ended, as well as follow-up questions.

## 4. BACKGROUND TO CASE ORGANIZATIONS

### 4.1. Driver Vehicle Licensing Authority

The five hundred and sixty-ninth Act of the parliament of the Republic of Ghana entitled Driver Vehicle Licensing Authority Act, 1999, established the Driver Vehicle Licensing Authority, and hereafter called DVLA. It is a constitutional body set up to replace the Vehicle, Examination and Licensing Division (VELD) of the Ministry of Roads and Transport, with the primary objective of promoting good driving standards in the country and ensuring the use of roadworthy vehicles on the roads and in other public place; and to provide for related matters. (DVLA Act 569: 1999). It is a semi-autonomous public sector organization

For the purpose of achieving its primary objectives, these are the functions as spelt out in the Act;

- issue driving licenses
- license and regulate private garages to undertake vehicle testing
- register and license driving schools
- establish standards and methods for the training and testing of vehicle examiners, driving instructors and drivers of motor vehicles and riders of motorcycles
- license driving instructors
- provide syllabi for driver training and the training of instructors
- inspect, test and register motor vehicles
- issue vehicle registration certificates
- maintain registers containing particulars of licensed motor vehicles, driving instructors, driving schools and drivers of motor vehicles
- advice the Ministry on policy formulation and development strategy for the achievement of the object of the authority

As spelt out also in the Act, the Authority may with the approval of the Ministry, delegate any of its functions to anybody. (ibid: 3).

According to the World Health Organization report published in 2014, a total of 5,540 Road Traffic deaths occurred in Ghana and this figure represents 2.96% of all deaths.

#### 4.1.1 Government Subsidies, User Fees and Tariffs

DVLA is a semi-autonomous Government Organization that has been empowered to generate internal revenue for its mode of operationalization.

In time past, the organization used to offer services to the general public for free and there was no quest to generate revenue internally. They relied solely on government subsidies. With time this approach was revised and tariffs and user fees were introduced to enable the organization to have enough funds to purchase modern equipment's and to also continue to offer efficient services. The quest to also offer extended services to a wider section of the population has resulted in the adoption of cost effective measures to cover the cost of operations. Now, aside the internally generated funds (IGFs), DVLA still relies on some considerable amount of subsidies from Governments to cushion its projects. Some of the user fees charged by the organization are further used by the Government for other developmental projects and out of the internally generated funds collected, the organization also benefits.

The economic situations in the country and the condition of service as well are the basic factors the organization considers before recommending the introduction of new tariffs. Proposals for increment are sent to Parliament by the hierarchy of DVLA and the Parliamentary Select Committee sit and deliberate on it to determine the reasonable rate of increase. The Organization is perceived to be corrupt with so many human elements delaying the efficiency of services they are supposed to provide.

#### 4.1.2. Benefits from Hybridity

Improvement in infrastructure: The introduction of IGFs has reduced the organization's total dependency on government subsidies before embarking on its developmental plans and projects. Out of these IGFs, DVLA now boast of its own offices in several locations across the country. In times past, they used to operate in rented apartments and premises

and this arrangement came with high rental cost. They have succeeded in building new offices in strategic locations and have also patronized modern testing and valuation equipment.

#### 4.1.3. Key Challenges

The organization strives to subject clients to the rudiments of pure tests in a quest to ensure that anyone issued with the Ghanaian driving license has adequate knowledge of the road signs and safety, and can drive safely. However, the unauthorized operations of middle men popularly known in the local parlance as “Goro Boys” still continue to be a major challenge. These personnel are engaged in fraudulently issuing fake driving licenses and road worthy certificates to potential drivers. They guised themselves as permanent staffs of the DVLA and charge exorbitant prices for the issuance of driving licenses to drivers with the promise of helping them to avoid unnecessary delays and long system procedures. They issue fake but identical licenses to road users and this has culminated into the bad driving culture in the country whereby persons with no knowledge of motor and vehicle rules and regulations are on the roads driving recklessly.

Another key challenge has to do with revenue lost to these unscrupulous middlemen. Huge sums of monies that are supposed to come to the organization ends up in the pockets of these Goro Boys. If these Goro Boys were not there, all these people who constantly patronize their services will go through the right channel and that will not only result in revenue gains, but most importantly it will ensure adequate safety on the roads and help reduce these rampant accidents

#### 4.1.4 The Role of the Private and Voluntary Sector

The role of the private and voluntary sector is paramount to the overall success of DVLA in the sense that, the organization deals with safety. In road accidents, there are three elements involved namely; the driver, the vehicle, as well as the road.

Issues surrounding the driver and vehicle fall within the capable hands of DVLA. They are responsible for testing vehicles and giving approvals before drivers use the road. Road issues however fall outside the mandate of DVLA. Modern machines and equipment are required in testing of vehicles and this is where the private sector comes plays a pivotal role in ensuring its effectiveness.

As at now DVLA does not have much equipment and machines to solely carry out this mandate so they have brought in private sector companies in a partnership agreement under their supervision. DVLA has given these private sector entities the approval to bring in the necessary machines to facilitate the work. Now there are Private Vehicle Testing Stations across the various regions under the direct supervision of DVLA. Under this current agreement, there is an official DVLA staffer in every Private Vehicle Testing Station to monitor work progress and to make sure the right decisions and testing are done. This arrangement has reduced the pressure on DVLA and it has given them ample room to concentrate fully on the issuing driving licenses and the various procedures therein. It has also ensured that the vehicles that passes the testing are road worthy which has contributed to a reduction in the rate of road traffic accidents.

#### 4.2. Tema Oil Refinery (TOR)

Originally named Ghanaian Italian Petroleum Company (GHAIP), TOR was a fully Italian Owned limited liability company with ANIC Societa per Azioni and AGIP Societa per Azioni of Italy as its major shareholders. Upon the Government of Ghana's success in becoming the sole shareholder through the BOT arrangement in 1977, its name was changed to Tema Oil Refinery in 1991.

The grand commissioning of the refinery in 1963 was generally seen as a symbol of hope to salvage the economic fortunes of a country that just gained independence from colonial rule. The company was to refine crude oil and also to sell petroleum products. However, the anticipated hopes and aspirations of Ghanaians have been shut by the rampant inefficiencies and mismanagement that has crippled the capacity of the organization to serve its intended purpose, especially in recent times.

Four years ago the company was even on the verge of bankruptcy mainly because the government failed to refund the losses the company had incurred from underpricing of petroleum products to the Ghanaian populace. Between 2009 and 2012 alone, the Government of Ghana spent a staggering GHc1.5billion on settling subsidies at TOR alone. Currently, petrol and diesel are underpriced by an approximate 30%, 72% for kerosene and 88% for premix fuel used in the fishing industry. As part of the under-recovery arrangement between the Government of Ghana and TOR, the government is obliged to pay huge sums of money to TOR by way of subsidies in an effort to prevent TOR from passing on the actual cost associated with its produce to the Ghanaian populace.

#### 4.2.1. Government Subsidies, User Fees and Tariffs

Even though TOR is a Limited Liability Company, it is wholly owned by Government and this makes the prevalence of the “Public Factor” quite huge. Principally, the company has to operate on its own without any subventions from government, and probably make some dividends. The Government currently partners the company through pure subsidies by way of under-recovery agreements. There is a longstanding Government practice of constantly subsidizing the operations of the company even under difficult socio-economic situations and this has resulted in huge TOR debts.

#### 4.2.2. Partnerships with the Private Sector

TOR currently partner PetroSaudi, a Saudi Arabia oil giant in a quest to increase direct capital investment in core areas of operationalization.

This meaningful partnership is geared towards the procurement of crude oil and subsequently, the sale of its finished products. TOR supplies crude oil to Burkina Faso, Togo, and Cote D’Ivoire when it operates at its utmost capacity. The struggling refinery has the potential to process sixty thousand barrels of crude oil a day should it operate to its full capacity. This means that they could supply about 60% of the energy needs of Ghanaians with that production capacity, excluding any international trade with nearby West African countries.



This leaves room for an additional 40% and this is where the services of the private sector strongly come to bear. Currently the refinery is not efficient enough and it produces between 20 to 30 % of its capacity. The private sector companies cover the remaining 70 to 80% of the market.

#### 4.2.3. Challenges

Inadequate control over activities of Private Sector Partners: TOR's inability to meet the total demands of even the Ghanaian market makes the involvement of the private sector very essential. The sector continues to provide services to many Ghanaians across the various regions. However, the quality of services they provide is not up to the quality standard of TOR. The refinery is unable to monitor or regulate the activities of the numerous private sector companies that are involved in providing this essential commodity. Petroleum products pricing are based on specs and quality levels and since there are no testing and monitoring bodies to ensure that the average consumer of finished products who has no idea about the technicalities associated with crude oil is indeed paying for the right product, several of these private sector companies are making enormous profit.

Discontinuity in Management has also proven to be another major setback. Any government that comes to power changes the core management structure of the refinery and this has over the years lead to poor coordinated approach to handling issues. These periodic changes have consequently affected their delivery capacity of over the years. The organization lack a consistent and cohesive management team with a solid overview of most of the recurrent problems.

Lack of adequate incentives and remuneration packages to retain the few engineers has seen the refinery loosing staff in critical areas of operationalization. The engineers are well trained and are capable of running any refinery so there are several instances where they leave for better conditions of service in countries like Dubai, Omar, Qatar, Saudi Arabia, among others. The few that are remaining are doing so by reason of patriotism and hope in the future

Foreign exchange losses: The refinery imports all products associated with the refinery process in dollars and they have to sell the product in cedis and because of the unstable nature of the local currency, there are several instances of cedi depreciation in which they are unable to transfer the incurred losses to the Ghanaian consumer but they look up to government for subsidies

The company lacks huge capital injection into its operationalization to boost production capacity. Before there can be any hopes of maximum capacity production on daily basis, investment should be made in the acquisition of new equipment to replace the aged and obsolete refinery machinery. These are the core areas of operationalization, which is critical to delivery capacity. Investing in new machinery would help them so meet their target for domestic demand.

It is a necessary requirement that maintenance exercises be carried out every 2 years at refineries. TOR has not carried out any maintenance exercise over the past 7 years. The plants can therefore not sustain this lack of periodic maintenance. Refinery is a continuous process and you make money only when you process and run continuously. The frequent intermittent distortions have resulted in damages to some critical equipment that needs urgent replacement.

#### 4.2.4. Recommendations

There is a huge market for the refinery business and Ghana could benefit immensely if the right kind of partnerships are reached to ensure adequate production capacity.

Burkina Faso, Togo and Mali, as well as other countries in the sub-Saharan region all rely on Ghana for crude oil and its associated finished products. It is now evident that TOR alone cannot meet the production capacity of even the Ghanaian market yet alone exporting to other neighboring countries. Private capital injection therefore is very essential in expanding the plants to boost production capacity in an effort to meet the growing demand.

Deregulation was a concept adopted to introduce other players in the downstream oil industry. It was intended to get value for the final consumer of crude oil and its associated products since competition brings about efficiency in service delivery.

However, several factors ought to be taken into consideration as far as this ideal concept is concern. The current stage of Ghana's development plays a major influential role too. Do we need full or partial deregulatory plans? Does the nation have the requisite monitoring and overarching body to regulate and oversee the activities of the whole companies licensed to undertake refinery and its associated activities?

The mistakes Ghana made in the upstream level should not be repeated in the downstream level. The country made huge contractual mistakes when oil was discovered in commercial quantities in 2007. Several binding contracts were made with no technical knowledge of the consequences and benefits therein, and now the country is not getting any significant revenue from oil proceeds. Oil is a commodity that gets exhausted after a period of time so its proceeds ought to be diversified and managed properly so it doesn't become a curse.

The culture of maintenance should be strongly encouraged to reduce long-term re-investment cost. In the near future plants at the refinery should be scheduled for maintenance every two years and the production levels should be maintained at a certain level and not back and forth to avoid further distortions in temperature levels, which are a major course of breakages in machinery. It cost an approximate \$5million to start a refinery plant and the same mount to shut it down after 2years for maintenance that is why it is important to maintain production till maintenance time is due.

However, TOR starts a plant and run it for 3 to 6 month and then shut it down only to incur these operational costs again to continue operations for just a few months.

Measures ought to be put in place to avoid incurring these unnecessary startups and shut down costs. Government should be able to relinquish its huge presence in public organizations and collaborate more with private sector companies.

#### 4.2.5. Benefits of Hybridity in Tor

Before the ANIC Societa per Azioni and AGIP Societa per Azioni of Italy left the company in the hands of the state, Crude Distillation Unit (CDU) was the only plant TOR had. It was very small and could not produce enough. However, the company succeeded in using its internally generated funds to build a new and a much bigger plant in 2002 to boost production capacity. The all-new Residual Fluid Catalytic Cracker (RFCC). This was a major transformation in seeing the smaller CDU transformed into a more profitable venture.

The company has run training programs for its staffs to keep them abreast with contemporary practices and to make them capable enough to run the refinery. They have invested a lot also in training and in-service programs aimed at making its human capital very efficient and capable enough to handle given tasks. This has reduced the huge cost associated with recruiting expatriates to handle the technical areas within their mandate.

The active involvement of BDC's has augmented the deficiencies in the sector. Bulk Distribution Companies (BDC) are private companies registered under Ghana Petroleum Authority and authorized to bring imported products to support the production of TOR. Their involvement in bringing into the country most of the finished products has significantly improved the situations where lack of adequate supply to meet demands would have led to shortages.

#### 4.3. Electricity Company of Ghana (ECG)

The Electricity Company of Ghana is a limited liability company wholly owned by the Government of Ghana with the mission to provide quality, reliable and safe electricity to support the socio-economic growth and development of Ghana. Since there is strong evidence to support the direct relationship between GDP growth and electricity consumption, their primary and fiducial responsibility is in line with supplying the

energy needs of the country. The company operates under the supervision of the Ministry of Energy of Ghana and has in recent times gained popularity for its inability to provide sustainable electricity across the country.

#### 4.3.1. Government Subsidies, User Fees and Tariffs

Subsidies are built into the tariffs of ECG and typical examples of such subsidies are Lifeline Subsidy and 25 percent subsidy. The Lifeline subsidy is meant for those customers who consumes between 0 and 50 units of electricity, while the 25% subsidy is enjoyed by every individual and even companies who engage in gainful activities.

In the current situation of ECG, the company strongly relies on the periodic subsidies provided by government to help relieve some of the operational cost of production. Just as the other public utility companies, they are not responsible for the introduction of new tariffs; therefore they do not operate solely based on profit. The Public Utility Regulatory Commission (PURC), based on their evaluation of the prevailing economic and social conditions, determines the tariffs.

Most of the capital they require for infrastructural investment comes from the government. They do not generate enough revenue for investment. The government therefore is responsible for setting up investment fund to enable ECG meet the growing demand of its services. The omission of the subsidies provided by government would most definitely affect the efficiency and delivery capacity of the organization. It relies on government support to carry out its current rural, pre-urban and urban electrification projects across the country.

#### 4.3.2. Customer Complaints

Power Outages has been the main customer complaint. Individuals and corporations rely on the power supply by ECG, therefore unplanned power cuts, load shedding and low currents.

These complaints are factored into the decision making process of the organization. Intermittent and unannounced power cuts for instance have affected the positive image of the company and efforts ought to be made to augment it.

#### 4.3.3. Key Challenges

The key challenges facing ECG are mainly financial, technical and commercial in nature. The commercial comes with revenue collection. To some extent nonpayment of bills is deeply rooted in the Ghanaian culture. Most customers benefiting from the services provided by ECG are not in a hesitation to promptly pay their bills. From time to time the company has to incur additional cost in service disconnection and revenue mobilization. Furthermore, the organization has to spend extra income in replacing cables as the stealing of cables by arduous criminals is very frequent.

More so, their biggest customers are the various government Ministries, Departments, Agencies, as well as manufacturing companies and industries. The governmental bodies do not also pay their bills and even in situations where they do, they do not do it on time and because these bodies handles the core day to day operations of government, ECG is not able to embark on disconnection exercises as they do to individual customers.

This makes the running of the company very difficult since they provide services at huge production and operational cost but are unable to get their revenues back.

The financial challenge mainly has to do with the revenue for infrastructure development. Most of the equipment has become obsolete and it is difficult for the organization to meet current customer demands with the prevailing equipment. There are growing demands to extend services to more areas as the population increases and since they are not investing in new equipment, there are always power outages.

Since they do not have the final say with regards to the introduction of tariffs, it is not everything they require or demand that they get.

As the population keeps increasing so is the demand for electricity and this requires a lot of capital investment before they could meet this growing demand, and when the

financial commitment by the government is not forthcoming, there are bound to be delays since the company itself does not generate enough to embark on projects.

An exchange rate fluctuation too has become a major challenge. ECG buys the electricity from the Volta River Authority and they buy in dollars and since the exchange rate is not stable, it affects them a lot. The purchasing of cables for operations and maintenance, together with other equipment are all done in foreign currencies, mainly dollars and the continued depreciation of the local currency (Ghana Cedi) that is the only unit of billing customers leads to some losses. They are also not able to shift all the incurred losses to the consumers, resulting in debts.

Technical challenges are mainly investing in the infrastructure. Ghana's population growth has resulted in a steady growth in the demand for electricity in both rural and urban communities. There are several cases of overloaded transformers and frequent power outages. In some cases the technicians of ECG are even not able to recognize that some areas do not have lights until the customers report themselves. Illegal connections too elude the technical team as there are areas using ECG light free of charge and they are not able to identify them until very late.

Other challenges include some established negative practices such as nepotism and favoritism in the recruitment process, which has over the years deprived the company some competent and astute personnel with adequate technical expertise.

#### 4.3.4. The Role of the Private and Voluntary Sector

ECG has almost always had partnerships with the private sector in their quest to better serve their customers in an effective and expedited manner

Currently, the organization has ceded some part of their functions and jobs to some private sector companies. Revenue collection for instance, has been contracted to some private sector companies. Some private companies too are in charge of selling pre-paid meters and also the reading of meters. These private companies and vendors undertake these tasks on behalf of ECG for mutual benefits. Additionally, an estimated 179 private vending stations has been contracted to partner ECG in its revenue collection strategy.

These private entities are mainly private banks and companies and they are stationed across the various regions throughout the nation.

Some private sector companies has also been contracted to provide security for most properties owned by ECG and this arrangement is indeed not a long standing tradition. Private sector companies are also involved in the sale and acquisition of electricity transformers and other system components and they do so in constant collaboration with ECG. Private contractors mainly are in charge of wiring of edifices and the contractor before the final work involving inspection and electricity provision to be done by ECG staff forwards all the necessary requirements to ECG on behalf of the client.

#### 4.3.5. Benefits of Hybridity

This strong partnership between the government body and the private sector has seen substantial gains. Now the company is serving people with respect. In line with this, most of the efforts and strategies are geared toward customer satisfaction based on the various customer complaints and agitations they receive on daily basis.

Financially, ECG has benefited considerably since the company no longer has to look for extra revenue to pay staff to undertake such duties. They no longer have to recruit permanent staff to perform such tasks that were initially undertaken by many of their staffs that in most part of the month are redundant. They now have the flexibility of contracting out some duties to the private sector partners on the basis of workload and demand on both temporal and periodic basis. Work is now done on the basis of demand and supply with no financial obligation in times of lower production.

Managerially, there is more to human resource management than their traditional role of hiring and firing. Contemporary managers have the corporate duty to be able to put in all the sufficient conditions to retain staff and see to their personal growth and career development. This managerial burden as experienced in the past by the organization is now borne by the private sector, as they are responsible for managing the welfare of the



people they recruit. In light of this, ECG now channels the rest of its human and financial resources to ensuring quality and efficient service delivery.

The voluntary sector too plays a pivotal role in ensuring a successful service delivery and customer satisfaction. They periodically embark on educational programs to create public awareness on the need for customers to pay their bills and also to refrain from engaging in illegal connections of electricity. In times past when ECG workers embark on such sensitization programs, they were not really successful mainly because of the perceptions and negative public image about the services they provide, therefore the need for a neutral party to embark on such exercise

#### 4.3.6. Build-Operate-Transfer (BOT) Agreements and Projects

The introduction of the new prepaid meter called SmartCash, which is a new electronic payment system allows for flexibility and convenience in terms of settlement of electricity bills. This arrangement is under a Chinese Build-Operate-Transfer (BOT) system. Currently too, the conventional metering system is being phased out gradually with a sustainable replacement by the prepaid system.

This is in line with the commitment of the organization to help expedite their service delivery options and to offer customers the flexibility of managing their energy needs.

This measure is basically intended to reduce debt and upon completion; ECG would no longer have to resort to disconnection exercises and other traditional approaches to revenue connection.

The introduction of the Smart-G metering system is a safer and faster way for customers to transfer units to their meters through the use of Radio frequency Identification Communication Technology. It features an anti-tampering that alerts the utility provider of an open cover, technical fault, and reverse energy among others.

Currently too under the BOT arrangement, the services of 19 private pre-payment vending companies has been contracted to sell energy units for consumers. There are additional 29 private companies underway to add up to the existing fault reporting centers.

#### 4.3.7. Challenges

Harnessing resources to provide electrical energy for industrial, commercial and domestic use in Ghana has been the core mission of ECG. The main opposing challenge has been with control and culture. Primarily, revenue collection and meter reading contracts are given to the private sector who then recruit and train the personnel they would need for such exercises, and since these personnel are not working under the supervision and also not members of staff of ECG, they do not have direct control over the working ethics of such workers.

For the effort of the private sector to be successful, they use the outfit, logo and slogans of ECG for customers to be able to recognize them. The average customer is not privy to such an agreement between ECG and the other sectors but will hold ECG accountable for the actions and inactions of such workers. The demeanor of contracted private sector workers has a profound impact on the image of ECG. The clash of sectorial cultures and attitudes becomes eminent in the behavior of their staffs.

There are cases where the employees of the contracted private company do not get their monthly salaries on time and they behave in a negative way that reflects on ECG. The conditions of service as well as their remunerations strongly impact on their level of productivity, which has a direct impact on ECG's image as the leader in providing efficient and reliable service. Customers usually hold ECG responsible for the behavior and attitude of workers from the contracted private organizations.

More so, it takes longer period for private sector contractors to pay back to ECG revenues they have collected on their behalf as part of the bill collection arrangements.

One typical challenge the organization faces too has to do with the fight against its own staff that engages in private work. Some of the staffs are not very committed since they are also involved in private line of business similar to their job description. ECG has a long-standing tradition of giving sub-contracts to its own retired staff who are also involved in revenue collection, meter reading and the installation of meters and transformers. Some staff takes undue advantage of the inefficient supervisory situation in the company and perform similar task in their own or with some other private company.

#### 4.3.8. Bureaucracy

The authority levels involved in making operational decisions on daily basis at ECG comprises Managers, General Managers and Directors; and they all have their respective roles to play before decisions could be made. This makes the approval process cumbersome since even minor decisions which could be handled at the either the regional or district level has to be channeled to the headquarters in Accra resulting in some further and unnecessary delays.

The line of communication is heavily centralized and thus prolonging decision making. The approval processes for decisions to be made goes through a lot of people before finally being done. The supervisory and oversight roles of the various authorities ensures adequate checks and balances and creates a sufficient room for proposals to be deliberated and corrected before their execution. However, lack of flexibilities in the approval process also has a counter effect on productivity.

#### 4.3.9. Recommendations

People should be given more responsibilities and be held accountable for their action in order to reduce most of the bureaucratic tendencies currently prevailing. The approval processes too need to be decentralized to make people more responsible. Area and line managers should be empowered to take certain decisions.

Whoever uses electricity must pay for it. But for some reasons, mainly political reasons, some beneficiaries of electricity do not pay. It may be prudent for the government to subsidize for some persons such as veterans and old citizens, disabled persons and the like. Many individuals and some organizations do not pay for the services mainly because of their affiliation to public authority and their position in public service.

The problem of non-clarity as to who has the final say when it comes to decision making and approvals ought to be addressed to ameliorate future delays. There are instances where letters, memos, and proposals, which need immediate attention, move

from one desk to another, only for the cycle to be repeated. It is therefore imperative that the duties and responsibilities of sectorial, departmental, regional, and national managers and directors should be devoid of all ambiguities.

Measures should be taken to reduce the number of staff in non-critical sectors and departments of public sector companies because most employees in these areas are redundant, and measures should be put in place to give additional responsibilities to the remaining ones and offer competitive remuneration packages. Most of these redundant staffers are usually in and about doing their own private work or working for other private companies' whiles ECG continues to pay their salaries and other remuneration packages.

#### 4.4. Ghana Water Company (GWC)

The Ghana Water Company was established in 1999 and took over the responsibility of providing both rural and urban communities in Ghana with potable and safe water from the Ghana Water and Sewerage Corporation (GWSC), when the later was converted into a State-owned limited liability company. Established under an Act of Parliament (Act 310) in 1965, upon the recommendation by the World Health Organization, GWSC was primarily responsible for conducting research on water and sewerage as well as making engineering surveys and plans, construction and operation of sewerage and water works, setting of standards and prices and revenue collection, as well as water supply and sanitation in both urban and rural communities

With the vision to be a world-class utility company delivering quality and acceptable services, GWC core businesses lie in urban water planning and development, investment planning, contracting out some of its business operations to private entities as well as asset management. Even though it is a limited liability company, the main shareholder is the Government. The company does not aim at profit and they do not declare profit. More so, GWC does not declare dividends to anyone and if there is anything at all, they have surpluses and may even break even sometimes.

#### 4.4.1. Government Subsidies, User Fees and Tariffs

Since inception of the GWSC, the organization solely depended on subvention from government in meeting its operational and capital costs. Even currently with GWC, the organization also depends on subsidies to operate efficiently. Government provides subsidies sometimes at concessionary rates and this mostly averts the practice of passing on the organizational cost of production and operation to the consumer, which in this case is the average Ghanaian citizen. The subsidies ensure that the average Ghanaian citizen who is not in a good position to pay for the relative prices of water is not left out from getting access to portable drinking water.

The omission of the subsidies connotes mix reactions. When taking away completely, it invariably means service providers would have to look for alternative ways aside government to solicit for financial assistance to supplement their operations. They may go in for a bank loan, which usually comes with a higher commercial interest rate and in the long run, consumer would be charged extra. However, this option is not entirely negative in that, it pushes the organization to also be efficient because this is not “free money” but monies that has to be paid with interest.

The charging of user fees is very crucial to the overall success of GWC and they rely heavily on these revenues to efficiently run the organization. Aside the capital expenditure which is incurred once in a while, there are operational expenditures which are frequently incurred on daily basis and the reasonable charging of these user fees and tariff adjustments help reduce the financial burden of GWC. In cases where the cost of production goes up, then measures are put in place for tariff adjustments and the interesting trend about tariffs adjustment is that, when cost of production is going down, GWC does not ask for tariff reduction but however see it as an opportunity to recoup some of the lost revenues in the past.

Until the recent introduction of the automatic tariff adjustment by the Public Utility Regulatory Commission, tariffs remained stagnant for years even in situations where the economic and social wellbeing of the citizenry has seen appreciable increments with the cost of production too going up. Consumers were paying the same rate for water

services for many years and government was paying all the additional cost of production incurred by company. The organization was always operating at a deficit

#### 4.4.2. Customer Complaints

Consumers of water services mainly complain about the quality of service they get. There are communities in which its dwellers are willing and able to pay for the services but GWC has not been able to extend their services to them. There are constant complaints about the intermittent water cuts and consumers will not have potable water for days and sometimes weeks, even though they pay for the services. Poor quality of services and delays in even sending water bills to consumers is also a contribution to the negative image the company has had and continues to have.

#### 4.4.3. General Public Perception

Inefficiency is the word that is mostly ascribed to GWC by way of the manner in which the organization carries out its mandate. There are some who also question the quality of the water GWC provide but that has been proven to be a false assertion since technically the quality of water the organization produces is even of a higher standard than the global standard set by the World Health Organization.

Customers who have been oriented about the necessity of user fees are not reluctant to pay their water bills on time. They understand the difficulties the organization goes through in their quest to provide safe and affordable water. However, those who have had the traditional notions that government services are supposed to be free, and have in fact at some point in their life enjoyed water and electricity services for either free or highly subsidized finds it difficult to embrace and adapt to the current changes GWC is undergoing. They tend to forget that for everything that is free, someone else is paying for it and so whenever there comes a time where organizations and governments undergo changes, they tend to complain.

#### 4.4.4. Benefits from Hybridity

Management takes into consideration the concerns and complains of consumers and the involvement of the private brought a new perspective to the previously established decision making process. The brief period of private sector participation, and in this case example, Aqua Vitens Rand Ltd, saw a much faster and quicker decision making strategies. There was a constant quest to get things done easily, efficiently and conveniently in a much proactive manner as done before. This has positively impacted on the manner in which the current management of the company takes decision

The Organization periodically benefits financially from donor partners and the World Bank and these donor supports help a lot in improving the operational efficiencies. These monies are almost sometimes free and cushion the infrastructural investment capacity of the organization that the government would probably not be able to provide at the appropriate time. Operational efficiencies then become better.

Currently too, the company has invested a lot in acquiring modern computers and equipment to help expedite their activities and to make the work of personnel more easier and to also reduce the error margins caused by too much human elements in executing policies and programs. Some areas of operationalization have now been automated to ensure adequate coordination.

#### 4.4.5. Key Challenges

The key challenges GWCL faces as an organization are mostly inherent and the general public is mostly not privy to such information. With the exception of the water, which is an abundant natural resource, and the human element associated with the operationalization, everything else that goes into the production of the safe potable water is imported into the country. This long standing tradition of relying on imported materials to run the organization has had tremendous negative impact on their efficiency since the Ghana Cedis, which is the main currency mostly depreciates and loses value to the major currencies like the US Dollar and Euro which is usually the preferred currency for transacting international business.

Political interference in decision-making by the Board of Directors is a direct disincentive to managing the organization. The board members are appointed politically, and their continual stay at post is at the mercy of these same politicians. There are instances where the decisions of the board are disregarded or revised to suit the plans of incumbent political administration. Any attempt by the board not to comply with dictates from politicians usually results in dissolution of the whole board. These are some of the harsh realities they face on constant basis.

#### 4.4.6. The Role of the Private and Voluntary Sector

The role of the private sector is paramount to the overall success of GWCL. Some of the private sector companies are very high up in the spectrum. Some are engaged in contract management while others are rendering technical advices. There are also some earmarked for complete takeover of some operational departments. Even now some aspect of distribution and selling of water are in the hands of the private sector.

Technical assistance, management contracts, leases and affermages, complete takeovers, built-operate-transfers, built-own-operate-transfers are the key partnership arrangements GWCL had and still continue to have with private sector entities.

The intended motive behind management contracts arrangements are basically transfer of knowledge and skills, supervisory roles, as well as mentorship.

Technical assistance too comes in the form of building capacity on the use of ICT. Advice and constant pressure from multilateral donors compelled the government of Ghana to privatize its urban water supply in 2006 and Aqua Vitens Company was the private entity that took over the mandate of managing this important commodity.

This was intended to help reduce some of the inefficiencies and financial mismanagement facing the organization. There were several and constant agitations from the Ghanaian media and other pressure groups to draw attention to this decisive stands and official statement by the presidency explained that the taking over of the urban water management by Aqua Vitens was not under the condition of outright privatization but “Private Sector Participation”.



Aqua Vitens Rand Ltd (AVRL), which was a company formed by Vitens Evides International of Netherlands and Rand Water of South Africa. The company was to be paid a management fee of USD 1 million every year for a 5year period, totaling USD 5 million. The donor partners are also in charge of administering and managing all the contracts and projects. With no direct financial investment of its own for investment and operationalization, the company relied on the monies from donor partners for investment and other expanding works. It ultimately faced the same challenges GWC was facing and upon failing to meet its target and also expectations from Ghanaians, their contract was terminated in June 2011. Ghana Water Company Limited then took over and has been the main provider of water services.

The voluntary sector has its own magnitude of impact on the work done by GWC. The Coalition of NGOs in Water and Sanitation (CONIWAS) is also quite influential in shaping the decision making of GWCL. They are very vocal and influential in their projects at the sub-regional and district levels. The past projects of Ghana Water, Sanitation and Hygiene (GWASH) has contributed in its small way to improving the water and sanitation situation in pre-urban and rural communities across the country. GWASH was a project fully sponsored by the United States Agency for International Development (USAID). The initiative was meant to improve water, sanitation and hygiene in over 160 rural communities in Ghana through partnerships with non-governmental organizations, private sector partners, as well as community and government leaders.

#### 4.4.7. Challenges with Partnering the Private Sector

Partnering the private sector has been a long standing tradition and even currently, private sector companies are involved in both upstream and downstream operations and they do so in constant collaboration with the State Company under different kinds of arrangements. Some of the Private Sector Companies simply want to milk the system down. The practical challenge is their conflicting views on profit. GWCL is not a profit-oriented company but the private sector companies they deal with through various operational arrangements are keen on making profit.

In the words of a line manager, “we are not making profit but the companies we are dealing with wants to make profit. We sometimes see their involvement as exploitative”. They see it as an opportunity to make money and do not consider the service they are rendering to the society.

#### 4.4.8. Bureaucracy

Comparatively, the organization has gone through various faces and has seen subsequent changes in its quest to achieve its stipulated goals and mission. Upon a much closer look of the organizational structure, managerial appointments, provision of capital for infrastructure and investment, as well as other pertinent projects in line its vision, one could vividly see the heavy involvement of elements of government when it comes to the practicality of getting things done. A practical example of bureaucratic manifestations is promotions of staff. The management cannot appoint anybody beyond the post of a manager unless it is connected to public service commission.

In situations where a manager in key position vacates his post either through resigning or other related approaches, the appointment of a new one has to go through the rigorous government processes. Element of government has to be part of the entire process and in most cases their slow pace to responding to situations becomes evident which management of GWCL has no control over. They are required to cooperate throughout the entire process and wait for a final governmental approval.

## **5. FINDINGS AND RECOMMENDATIONS**

### **5.1. Outsourcing:**

Contracting out to private sector companies which has for decades been frowned upon have been embraced by these public sector companies and it is evident the practice would be continued and most importantly, would be the ideal form of getting things done in the most cost effective and efficient manner. The heavily reliance on the machinery of government as the sole financier and architect of public programmes and projects has been reduced and private sector entities are contracted to undertake specific projects which the government deemed either too costly, technical, time consuming, or in some situations too, would not have the requisite human resource capital to undertake such tasks. However, as noted by OECD (2011), in order for public sector companies to contract successfully, they must be able to manage the entire contracting processes, that is, to define the contract objectives, negotiate contract terms, prepare and implement contracts, and monitor and evaluate performance.

A proper and adequate background checks should be carried out as far as contracting out are concern to avoid the emergence of negative human tendencies such as conflict of interest, nepotism and favoritism in awarding contracts. These tendencies are counter-productive to its intended purpose. The tendering and bidding process in the award of contract too should be well scrutinized and more open in the quest to have meaningful arrangement to help get the best solution for a social need.

### **5.2. Performance Contract**

As part of measures to ensure higher productivity at work places and also measures to ameliorate complacency, performance contracts have been adopted. The era of having a “job-for-life” in these public Sector companies is over and salaries, promotions, and other remunerations that were deemed constant are now based upon the attainment of some predetermined results.

Abramson (2011) opines that in performance-based contracts, transfer of money and material goods are linked to concrete and measurable action or achieving a predetermined target with rewards provided for reaching or surpassing targets. More emphasis should be placed on the contemporary practice of performance contracts where employees and management own their own work and are fully responsible for providing accurate account of their performance. Employee's account on the reasons why they have failed or succeeded in a given task should somehow be connected to their salaries to serve as a benchmark for assessment. In the long run this kind of individual checks will ensure efficiency in work done and would be a strong motivation for workers to always exceed a given task.

Currently salaries in these public sector organizations are constant and are paid irrespective of their performance. The employment contracts of personnel in these organizations are timeless and they are promised work forever. When employees are assured they will always have their job and salaries irrespective of their performance, it breeds lackadaisical attitudes in situations where supervision is quite low.

### 5.3. Partnerships

Profitable and meaningful partnerships are now being formed between these public sector organizations and the private, as well as the voluntary sector and some of the former monopolistic functions and activities that were once seen as a reserve for public sector provision are now either furnished by the private sector, or have been partially or fully transferred to the private sector. It is evident that the government and its machinery are disengaging in carrying out certain activities and are however relinquishing these activities in the hands of the private sector company through different arrangements.

However, partnering with the private sector should not always be seen as an epitome of perfection in getting things done. It would only yield the intended outcome when both parties are committed to getting things done the right way and not primarily because of monetary considerations as exemplified by some private sector companies.

Emphasis should also be placed on how things are going to be done and a clear and unambiguous plan should be drafted and deliberated upon in approving these partnerships. There are a lot of loopholes and safe nets for private sector companies that partner these public sector companies. It was detected that the various public sector companies that form part of the case organizations could still effectively operate without some of the current partnerships in the form of management contracts.

These companies have competent managers with the requisite skills to manage the various organizations and the huge cost incurred by way of management fees could be geared towards other vital departments in the organizations. The organizations currently need partnerships that would bring in money and enough capital for direct investment. They are currently relying on old and sometimes obsolete machinery and equipment, which are not cost efficient, and need to be changed and replaced. These are mainly not management issues but inadequate capital for direct investment.

Unfortunately most of the private sector companies either do not want to come in with capital to invest or they do not have the capital itself. They only want to partner in the core business of the organization such as management and transfer of knowledge. Public Sector Companies should begin to form and maintain meaningful partnerships with the private sector in critical areas of operationalization and strive to create more avenues for the involvement of the voluntary sector as well.

At the moment, the various case organizations has different kinds of partnership arrangements with the private sector but have very limited and in some cases no partnership with the voluntary sector at all. The voluntary sector has contributed a lot in developmental projects mainly in the pre-urban and rural communities and they do so in constant collaboration with donor and multilateral organizations.

#### 5.4. Transfer of Knowledge and Practice

Fusion the best practices of multiple sectors of the economy have presents a tremendous platform for ideas to be exchanged. The financial accounting standards of the private sector partners have influenced changes in public sector accounting methodologies.

The problem of ineffective work supervision and inefficient evaluation standards have been augmented by the strict and efficient monitoring and evaluation standards their private sector partners have brought to bear on their work.

Generally speaking, the private sector is often looked at as the “model” for good budget and proper financial management practice (Chan, 2002; OECD, 2003). The overspending natures of the public sector companies which has resulted in high indebtedness and yet yield minimal results has seen considerable changes since partnering the private sector. The private sector companies’ recoup every expense made and provisions are also made for maximizing profit. They transfer the cost associated with productions and operationalization to the consumer and they do not subsidized or absorb production cost with the intent of making the consumer feel “comfortable”.

Over time this practice of making consumers pay for the services they enjoy have been embraced by the public sector and are being carried out in phases. Management training, as well as technical know-how skills are among some of the benefits the private partners has had on their public sector partners. Most public sector companies are undergoing organizational changes and embracing the concept of Performance Improvement Programmes (PIPs) in an effort to increase efficiency and reduce the huge cost associated with low supervision and redundant staffs. Most private sector companies have been successful with this programme that has yielded adequate financial gains.

The best remedy to salvage the economic woes of developing countries and for that matter Ghana, is for governments to reduce their constant interference in managing public sector organizations but offer them ample room to be able to operate on their own and most importantly, become a little more business minded.

### 5.5. Government Interference

An abrupt end must be put to the political game over subsidies. The Government should not heavily subsidize organizations that are capable of generating income through their operations.

Government interference in the work of Public Utility Regulatory Commission must be brought to an abrupt end. PURC uses the Automatic Adjustment Formula to account for quarterly revision of tariffs to reflect fluctuations in crude oil prices. The set guidelines to determine the introduction of new tariffs are usually abandoned because of political interference and the interests of consumers are left to override the economic reality pertaining in the markets. The recommendations and directives of the Board and management of these State-Owned Companies should be the benchmark for tariffs and user fee adjustments.

The standing practice of government constant reluctant to adhere to the advice of these sector managers for political reasons should be frowned upon since the government is not financially capable enough to continue absorbing operational, managerial and distribution cost associated with the case companies. At the moment it is extremely difficult for these state-owned companies to get any financial assistance mainly in the form of loans from any commercial bank because of their high indebtedness.

## 5.6. Transparency

Transparency was detected as a major challenge these hybrid organizations faced as they make different contractual arrangements with other sectors. Some pragmatic aspects of their operationalization were shrouded in secrecy and the general public too were not adequately informed and sensitized about some of these healthy partnerships. There were questions about their legitimacy and profitability. The private sector entities were brought in to help salvage or improve certain operational departments but their involvement and mandate were poorly communicated to stakeholders and consumers as well. These partnerships should be properly communicated in future transactions

## 6. CONCLUSION

As pointed out earlier, Ghana's public sector has been criticized over the years and it is generally perceived to be ineffective, less productive, bureaucratic and unresponsive to contemporary organizational trends, demand and changes. They are unable to satisfactorily provide the requisite services they are fiduciary mandated to do in spite of the huge governmental budget allocated to the payment of their salaries and remunerations. The sector is struggling to cope with terms with new global paradigms and efforts are being made to make it more productive and efficient while still maintaining its "publicness".

Over the past decade, the country consistently experience erratic power outages and even currently in 2016, the Electricity Company of Ghana has a load shedding timetable for consumers of electricity because of instability in power generation. Companies are closing down and private consumers continue to bear with all the discomfort associated with power outages popularly known in the local parlance as "Dumsor".

The Tema Oil Refinery too has difficulties refining crude oil in commercial quantities to even meet half of the local demand in Ghana, creating additional difficulties and resulting is periodic shortage of fuel. Commuters and individuals queue for days for gas, petrol, kerosene, and premix fuel. Water too, which is supposed to be a basic necessity is in short supply as the Ghana Water Company has been unable to extend water supply to most communities, even in the capital and metropolitan cities, as well as pre-urban and rural areas.

These developments should not be the story of a middle-income economy that has abundant natural and human resources at its disposal, and has led to recent calls for major changes in public policies. As part of measures to help curb adverse future repercussions arising out of under-delivery of public goods and services, and to also boost performance and delivery capacity, the organizations that form part of this case study have adopted sectorial practices that put them into the hybrid realm.



They all partner the private sector in some of their core business activities that in the past was their sole duty. They continue to do what they know how to do best and outsource in areas they lack the expertise. The involvement of the private sector is key to if they are to achieve their set goals and targets.

One striking observation which spun through all the activities of the case organizations is their quest to adopt market principles aimed at cost reduction and generation extra revenue from their operations to support other critical areas which needs expansion.

The essay argued that Ghana has a long history of practicing socialism under its first president. That era, and subsequent ones created a deeply rooted public sector culture where services are rendered to the general public almost free. And the notion of “free public service” led to the collapse and outright privatization of many state owned companies. Hybridity is therefore seen as a healthy partnership to make these public organizations viable, profitable and efficient.

The apparent emergence of hybrid organizations the world over clearly depicts the development of a new kind of relationship between the private and public sector.

This stems from the fact that some monopolistic duties previously marked as a reserve for the public sector are now being executed by private sector entities under the new paradigm. (Hyyryläinen & Viinamaki: 2011). There are huge prospects for the public sector organizations that constitute the main cases in point in this essay to benefit immensely from their hybrid choices provided the above mentioned observations and recommendations would be assessed and effort is made to augment the current deficiencies.

First and foremost, scrutinizing the entire outsourcing process with the utmost intent to get the best and most cost effective service has the potential to change the financial fortunes of these companies. Contracting out to another party is a viable strategy is not an easy enterprise. Also, forming meaningful partnerships and exchange of knowledge and practice in critical areas of operationalization facilitates a “win-win” situation and both parties in the hybrid realm mutually benefits.

Furthermore, performance contracts, which is a newly introduced practice as far as employment contracts in Ghana's public sector is concerned is seen as a practice that would help bring the best out of personnel. How well these organizations manage government interference and questions arising out of transparency has a direct impact on its success with this paradigm shift to hybridity.

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